IMT Nuremberg Archives

H – 120

International Court of Justice

H0120 - 0002

Official transcript of the International Military Tribunal in the matter of the United States of America, the French Republic, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics against Hermann Wilhelm Goering et al,, Defendants sitting at Nurnberg, Germany on 1 May 1946, Lord Justic Lawrence presiding. 0900-1300

THE PRESIDENT: Before we go on with the case of the Defendant Schacht, on behalf of the High Tribunal on the applications by Dr.Sauter on behalf of the Defendant, Von Schierer, the first application to which any objection was taken related to the group of Documents, Nos. 30-31-45-68-73-101-124- and 133. That application with respect to that group of documents is denied.

The next matter was an application with respect to No. 118-A. That application is granted and the document is to be translated.

The next was No. 121 and in that case the application is denied. As regard to witnesses, Dr. Sauter withdrew his application for the witness, Marsalek.

In connection with the other applications, the Tribunal grants the application that Ueberreiter be called as a witness.

That is all.

DR. DIX: (Counsel for Schacht) Yesterday, much to my sorrow, I did not, after an answer given by Dr. Schacht to my question, as to whether he was disappointed by Hitler or whether he considered himself deceived by him, after his answer, I did not have a chance to read from a Document which deals with the same principle. I am referring to a passage, which has been submitted to the High Tribunal and which has been quoted several times - Exhibit 34, Page 114 of the English Text. This passage may be found on page 124 of the English Document books and its passage is as follows:

"Dr. Schacht, even in the years 1935-36 actually, as may have been seen from numerous statements, knew he had fallen into the role of a man, whom in good faith had put his strength and ability at Hitler's disposal, but, who now found himself betrayed.

H0120-0003

"Of the many statements made by Dr. Schacht, I quote only one which Dr. Schacht made at the occasion of a supper with my wife and myself in the summer of 1938. When Dr. Schacht made his appearance, it could be clearly seen that something was seething within him and during the supper, it suddenly bursted out of him when in deep agitation he almost shouted at my wife, 'My dear lady, we have fallen into the hands of criminals - how could I ever have suspected that?'"

This is the affidavit made out by Schniewind.

Yesterday I mentioned three Documents: (1) A speech made by Schacht for a Geographical Society at Frankfurt on a night in December and then a theme Schacht had written on the Colonial Problem and a speech given at Koenigsberg by Schacht.

I wish to submit these Documents: The speech to the Geographical Society at Frankfurt is the Document Exhibit 19, Page 38, Engl Page 54. The theme on the Colonial Question, is Exhibit 21, German version page 53 and English version page 59. The speech at Koenigsberg is Exhibit 25 of my Document Book, German Version Page 66 and English Version Page 73.

HJLMAR SCHACHT -- Resumed.

DIRECT EXAMINATION -- CONTINUED.

BY DR. DIX:

Q In the middle of the year, 1934, shortly before you entered the Ministry of Economics and when you became Minister of Economics, you were familiar with the happenings of the 30th of June, 1934 and the legalization through the Cabinet. Did you have no doubts or qualms to enter the Cabinet and what reason prompted you to put aside these doubts and objections?

A As far as my personal composure and wealth of mind and comfort would have been concerned, these would have been the only considerations. It would have been very simple not to assume office and to resign. Of course, I asked myself what I would gain for the future development of German politics, if I did refuse office. At this point we were already at a stage in which our public and private opposition against the Hitler regime had been made impossible. Meetings could not be held, societies

H0120 - 0004

could not be established, any expressions in the press had been put under censorship and any possibility at all of a political opposition, without which no Government can live, had been prevented by Hitler through his policy of terror. There was only one position, or one way, from which one could try to be critical and perhaps to form an opposition, and serious measures by the resume could be prevented. That way only - the only way to do it was to be in the Government itself. With that deliberate knowledge, I entered the Government and I hoped in the course of the years I could find a certain amount of support and backing among the German people, there were still a large mass ofspiritual leading professors, scientists, and teachers of whom I could not expect they would simply acquiesce in the regime of coercion.There was also a large mass of industrialists, leaders of enterprise, leaders of economy, all of whom I could not assume that they would turn their business over to that coercion, which was inimicable to the economy. I expected a promise of support from all of the circles - support which would make it possible for me to have the moderating influence in the Government, therefore, I entered the Cabinet of Hitler - not with enthusiastic agreement, but because of the necessity that one would have have to keep on working for the German people and apply the break to stop wrong measures and that could be done only by being part of the Government.

Q In the course of time were there no oppositional developments within the party?

A In answering that question, I would like to say that within the party, of course, the decent element were in large numbers, but the largest part of the population had joined the party because of their own free will, because of good instinct, because of the tremendous need in which the German people found themselves.

I would like to say about the S.S for instance. In the beginning, there were numbers of decent people who advocated the S.S. for Himmler gave the SS the aspect of fighting for an ideal of life.

I would like to call your attention to a book which appeared at that time which had the significant title. It was written by an SS man,

H0120 - 0005

"Schafft Anstaendige Kerle", meaning produce decent men. But,in the course of time, Hitler knew full well to work within the party and its organizations to bring all cooler elements around him and to chain all of those elements to him and I might say that he was deliberate in this.

H0120-0006

As far as misdeeds or thoughts were concerned, he used these thoughts for his own gain in order to shackle these people to him.

Yesterday I talked about some of the phases of Nazi ideology. I did not want to do that with the idea of a derogatory intent. I did it for a certain reason. In the course of developments, I mentioned that many Party members who were within the inner circle of Hitler and who occupied more or less leading positions gradually became afraid because of the consequences of the injustices and the evil deeds to which they were instigated by the regime. I had the decided feeling that these people used all sorts of sedatives in order to protect themselves against their own consciences, and that it was only the flight from their own consciences that made them act the way they did. Otherwise, we could not explain the large number of suicides that took place at the end of the regime.

Q You know that you are accused of being a participant in this conspiracy and in this violation of the peace. Did you at any time have secret discussions or secret orders or secret directives which might be interpreted as going toward an objective like that?

A I may say that I myself never had any directives or a wish which was given me which might have contained something wrong. Never did Hitler ever suggest anything to me which he knew that I would not carry out, something that might not agree with my moral point of view and which I would, therefore, not carry through. At no time did I ever make a remark or expression that one of my fellow ministers or one of the leading men in the inner circle of Hitler -- Of course, I could not control that circle -- but speaking about my fellow ministers and the others whom I met in official contacts, they never showed in any way that there was an intent to commit a war crime. On the contrary, we were always very glad when Hitler swung one of his large speeches in which he told, not only the entire world, but the German people and assured them that he did not want anything except peace and peaceful work. That Hitler deceived the German people, his workers, his colleagues and the entire world, is one of the things that I mentioned yesterday.

Q Did you at any time -- I mean outside of your official activity -- take an oath or an obligation to the Party or other National Socialist organization?

A Not a single oath and not a single obligation beyond my oath to the head of the state as an official.

Q Did you know the leading National Socialists personally and socially? That is, Hitler, Goering? Did you know them intimately well?

A I assume you mean a close private, personal or social contact.

Q Yes, that is what I mean.

A I never had relations of that sort with Hitler. He repeatedly urged me in the first years to come to the luncheons at the Reichschancellory where he was lunching with his closer friends. I tried to do that twice. I attended twice at various intervals, and I must say that the niveau of the discussion at the luncheon and the abject humility which was given Hitler was not to my liking, and I didnot like the conditions and the surroundings as a whole, and I never went back again.

I never called on Hitler personally in a private matter. Of course, naturally, I had to attend the large public functions which all other high officials attended also, but we certainly we cannot speak of a close, intimate relationship between ourselves, and that applies to the other gentlemen as well.

As a matter of course, in the first months of friendship, we naturally visited each other on occasion, but social gatherings which took place in the first period had a more or less official character. As far as personal, private gatherings were concerned, we can not really speak about that.

Q Does this answer apply to the other leading National Socialists as well?

A Yes, about all of them.

Q When, for instance, did you speak for the last time with the following men: Let us start with Bormann.

A I rather gather that you are going to give me a list. Therefore, I would like to make a few introductory remarks.

After the end of the French campaign, Hitler returned with success and glory from Paris. All of us -- the ministers and the reichsleiters and the dignitaries of the Party, state secretaries, and so forth -- received an invitation to be present at the station to greet Hitler on his arrival. At that time I was in Berlin. Therefore, it was impossible for me not to acquiesce in this suggestion. That was

H0120-0007

H0120-0008

in the year 1940. The conflict between Hitler and myself had been going on for some time, and it would have been an affront if I had stayed away. Consequently, I went to the Bahnhof, saw a large number of Party dignitaries, ministers and so forth, but, of course, I do not remember just who all these people were.

Q I beg your pardon; I would like to interrupt you. I have a rather poor memory for films and weekly newsreels, but I believe that that reception was shown in a weekly film and I believe that you were just about the only civilian who was present among those people.

A I personally did not see that film, but my friends told me about it. They mentioned that among all the gold braid, I was the only civilian in civilian clothes and that I stood out as such. Of course, one could see from that film who was present at the time.

I mentioned this reception, for it might be possible that I said Good Morning to many people and inquired about their health and so forth, and I also recall that I arrived at the station with Rosenberg in the same car, because there were always two people occupying a car. I did not attend the reception which followed at the Reichschancellery. Rosenberg did go, however. I said, "No, I would rather not go. I am going home."

Q Then, I may assume that the leading men, Hess, Heydrich, Ribbentrop, Sauckel, Speer, Seyss-Inquart, Kaltenbrunner--that you probably saw them for the last time then?

A It is possible that these gentlemen were there, but I did not speak with any one of them except Hitler himself.

Q Did you speak with Hitler at that time?

A Hitler spoke to me first, and that was one of the strangest scenes of my life. We were standing in rows, and Hitler passed by rather quickly. When he saw me, he came up to me with a triumphant smile and extended his hand in a most cordial manner, something which I had not seen from him in a long time, and he said to me, "Now, Mr. Schacht, what do you have to say now?"

Then, of course, he expected me to congratulate him or express my admiration or a similar sentiment, and he expected me to admit that my prognos about the war and about the disaster of the war was wrong, for he knew my

H0120 - 0009

attitude about the war. It was extremely hard for me to evade an answer like that, and I really searched my mind in order not to make that expression that he expected and said only, "I can only say to you, 'God Protect you.'" That was the only significant conversation which I had that day.

I believed that I could not keep myself distant from him better than through a neutral and non-critical remark such as I gave him.

But perhaps you would like me to refer to the gentlemen, and I can tell you just when I saw these gentlemen last.

Q Let us start with Himmler.

A I would judge that perhaps I talked to him last in the year 1936.

Q Hess?

A Of course, I am not referring to the conversations I had with him here in the prison. Since years before the beginning of the war.

Q Ley?

A Since the beginning of the war I had not seen him.

Q Ribbentrop?

A I saw him last after my being thrown out of the Reichsbank. I talked with him about the journey to India, and that must have been, I would judge, February 1939. I have not talked with him since then.

H0120-0010

Q Now Rosemberg?

A Perhaps, of course, not mentioning this reception of Hitler's that I have talked about, I would say '36.

Q And now about Frick?

A I perhaps saw him last in the year '38.

Q Schirach?

A I did not even know Schirach.

Q Speer?

A I talked woth him for the last time, and I can tell you exactly, when I attended the world exposition in Paris in the year 1937.

Q You mean before you being taken prisoner?

A Yes, here, since I have seen these gentlemen.

Q Sauckel?

A Since the beginning of the war I have not seen him.

Q Seyss Inquart?

A I would judge that I saw him for the last time in 1936, when I visited Austria, when I visited a colleague in the Reichsbank.

Q Kaltenbrunner?

A I saw him for the first time here at the prison.

Q And we will refer to Hitler later.

A Yes.

Q How about Frank?

A Perhaps in the year 1937 or '38, I saw him here.

Q Most likely at this speech you mentioned yesterday.

A Yes, possibly perhaps at an official reception, but I do not believe that I saw him after '38.

Q Now, how about the leading gentleman of the Wehrmacht, Keitel, for instance?

A I never had any contact with Keitel. I perhaps saw him at a social gathering, but never after '38.

Q How about Jodl?

A I made Jodl's acquaintance here in the prison.

Q How about Doenitz?

H0120-0011

A I met Mr. Doenitz here in the prison.

Q Raeder?

A I believe I have known him for quite some time. In the beginning we exchanged visits among our families, partially of an official character and partially friendly, but I believe that I have not seen him or talked to him since '38.

Q How about Brauchitsch?

A I have not talked with him since '39--no, '38, since the Fritsch affair.

Q How about Halder?

A Halder, as you know, I saw in connection with the Fall Putsch of '38 but not after that.

Q How often did you see Hitler after your dismissal as president of the Reichsbank?

A After my dismissal as president of the Reichsbank, that is January 1939, I saw him only once, when I wanted to discuss my future activity with him. I had to take this matter up with him. And on that occasion he asked me -- he knew that I had long had the wish to take an extensive journey -- that I might avail myself of this opportunity to take this journey now, so there would not be so much talk about my leaving the Reichsbank.

Then we agreed on the India journey, and that was the occasion at which I saw Goering for the last time. And then, after my return in August, I did not see him again. Then the war came. And now, during the war, I saw him twice.

Shall I tell you about those two occasions?

Q I didn't understand you.

A Shall I tell you about those last two times?

Q Yes.

A I saw him once in February 1940. At that time various American magazines and periodicals had suggested to me to give the German opinion on the situation and to put this down in writting. I was rather ready to follow these suggestions, but because we were at war, could not follow this suggestions without advising the Foreign Minister of this. The Foreign Minister advised me that he had nothing against my writing an article for an American paper, but that

H0120 - 0012

before sending off this article, he wanted to have the article submitted for censorship. Of course I was not interested in that. I did not think of that possibility and, consequently, did not write this article.

There were further inquiries from America and I said to myself, "It isn't sufficient for me to talk with the Foreign Minister, I must go to Hitler in this matter." So, with that aim, I called on Hitler, who received me very soon, and I told him at that time, among other things, just what my experience with von Ribbentrop had been in

H0120-0013

this connection, and I further told him that I thought it might be expedient to write these articles; but that it seemed vital to me that one should have some one constantly in America who could clarify German interests in the press abroad, in America that is.

Hitler was impressed with this suggestion of mine and told me that he would discuss this matter with the Foreign Minister. Consequently, this entire thing came to naught.

Then, later, through the efforts of my co-defendant, Funk, who most likely had a discussion with Ribbentrop on this matter, I was put in connection with him. I tried to get an answer through Funk, at any rate, but this answer was to the effect that it was too early for a step of that sort. And that was my visit in 1940.

Then I saw Hitler again in February of 1941.

Q Pardon my interruption. So that we can avoid all misunderstandings, if Hitler had given you permission that you could have come to America, just what would your activities have been?

A First of all, I was not interested in going myself; I rather made a general suggestion. But, naturally, I would have been very happy to go to America for I saw a possibility--

THE PRESIDENT: The Tribunal does not think it is material to know what he would have done if something happened that did not happen.

DR. DIX: I just wanted to preclude any misunderstand, and I can assume that this misunderstanding will not arise.

BY DR. DIX:

Q Then, let us turn to your second visit.

A In the year 1941, in February, I called on Hitler once more in a rather private matter. In the previous year I had lost my wife through death and now intended to remarry. As minister without portfolio, which I remained to be, I had to tell the Reichschancellor and the head of the state of my intention. I called on him for that reason; but there was no political discussion at all at this meeting. When I left, he asked me, "At one

H0120-0014

time you had the intention that some one should go to America, but the time seems to be a little late for that now." I replied immediately, "Of course, it is too late for that now." And that was the only remark of a political nature which took place. The other conversation was concerned purely with my marriage, and since then I have not seen Hitler.

Q And now your relationship with Goering?

A I have not seen Goering since 1939.

Q Now, I am turning to a phase and to a point which has been stressed by the Prosecution, the propaganda value of your participation at Party rallies, and I would like to remind you of that which Justice Jackson has already mentioned in his opening speech, and I am quoting from the English:

"Does anyone believe that Hjalmar Schacht, sitting in the first row of the Party rally, beginning with 1935, wearing the Party ring, the Party emblem was included in this Nazi propaganda film only for the purpose of asthetic results, in which this large banker would give only his name to this rather threadbare affair, but it really gave the prestige to any German who was hesitating?"

Will you please give me your statement?

A First of all, I'd like to make a few minor corrections. In the year 1935, I did not have a Party emblem. Then Germans, who were hesitating, were of no importance any longer in the year 1935, for the regime of Hitler had been established completely and firmly by 1935. There were only those people who would turn away from Hitler but none who were still coming to him. And then, I must really consider it as a compliment that I am called a figure of importance, and so forth. But I believe that the reasons for my being and working in the Hitler cabinet have been set forth by me in great detail and in great sufficiency, so that I need not state them once more.

In the first years, especially, I could not answer myself from the Party rallies. It is understandable for me with the point of all ostentation and of the representative system of

H0120 - 0015

Hitler's, to the outside at least, and not only did ministers participate in the Party rallies but many other representatives.

May I just say one more sentence in this connection?

H0120-0016

The later Party Rallies were not attended by me. Let us refer to the Party Rally which is mentioned by the Chief Prosecutor, the one in 1935. I did not even attend that, for that was the Party Rally--and I recall this especially--at which the Nurnberg Laws against the Jews were proclaimed. At that time I wasn't in Nurnberg.

I attended the Party Rally in 1933 and 1934. I am not certain about the year 1936 or 1937, whether I attended or not, but I rather believe that I attended in 1936. The ones after that I was absent, and the last visit that I made at the Party Rally I attended only on the day of the Wehrmacht.

Q At these Party Rallies you have already mentioned there were prominent foreigners. Was the Diplomatic Corps represented?

A I believe that with the exception of the Soviet Ambassador and of the American Ambassador, in the course of time all other leading diplomats attended the Party Rally, and I must say, in large numbers, with must ostentation and in the first rows.

Q How can you explain that since the Diplomatic Corps was accredited to functions of State and this was a purely Party matter? How can you explain their participating?

MR. JUSTICE JACKSON: If it please the Tribunal, I am in a position to objection, because I am not embarrassed by it if there is any embarrassment, but for this witness to explain the conduct of the ambassadors of other countries seems utterly beyond probative value, his opinion of what the ambassadors were doing. Why they attended a Party Rally which he was lending his name to doesn't seem to me has any probative value. The fact that they attended I don't object to, but it seems to me for him to probe, unless he has some fact--and I want to make clear I don't object to any facts this witness knows, and I haven't objected to most of his opinions which we have been getting at great length. But I think for him to characterize the actions of foreign representatives is going beyond the pale of relevant and material evidence.

THE WITNESS: Mr. Attorney, may I make just one remark in reply?

THE PRESIDENT: I think we had better pass on, Dr. Dix.

DR. DIX: Yes, of course. However, I would ask tobe given the permission to answer Justice Jackson briefly, not because I want to be stubborn, but I

H0120-0017

believe that if I answer now I can avoid later discussions and can save time thereby.

I did not ask the witness for his opinion. Of course Justice Jackson is correct that he is not here to give opinions about the reasons of the Diplomatic Corps; But I asked him about a fact: How this participation on the part of the Diplomatic Corps, which was significant, was explained. I consider this participation relevant, as will be seen by my questioning in the course of time, and that is why I am saying it now.

In the entire fight of the opposition, which he and his co-thinkers carried through, it is of tremendous importance to know from whom they were supported morally, spiritually or in any other manner, and who did not support them. In this connection the outward demennor of the official representatives of foreign countries is of tremendous importance, and the manner in which this oppositional group acted is of tremendous importance. One can support such a group; one can be neutral to it, or one can combat it. All of these steps can be taken by foreign countries, and that is the only reason why I put my question, and I consider myself obligated to continue with this point of view.

THE PRESIDENT: Dr. Dix, I don't think Mr. Justice Jackson's objection was to the fact that the diplomatic representatives were there but to comment upon the reasons why they were there. If all you want to prove is the fact that they were there, then I don't think Mr. Justice Jackson was objecting to that. What the defendant was going on to give was his opinion of why the diplomatic representatives were there.

H0120 - 0018

DR. DIX: I believe I do not need to make a further reply, your Honor. He has already said that he does not wish to give a further explanation, but if your Lordship will permit me, I shall continue.

BY DR. DIX:

Q In this same connection at that time, before and after, in your official capacity and privately you came in contact with prominent foreigners. What position did they take at the time when power was established by the National Socialists, and what attitude did they take, and how did their attitude influence your attitude and your activity?

MR. JUSTICE JACKSON: I dislike to interrupt with objections, but I can't see how it exonerates or aids this defendant that prominent foreigners may have been deceived by a regime for which he was furnishing the window dressings with his own name and prestige. Undoubtedly there were foreigners, I am willing to stipulate there were foreigners, like Dahlerus, who were deceived by this set-up of which he was a prominent and slightly respectable part. But it does seem to me if we are going to go into the attitude of foreigners who are not indicted here or accused that we approach endless questions.

I see no relevance in this sort of testimony.

The question is here, as I have tried to point out to Dr. Dix, the sole thing that is charged against this witness is that he participated in the conspiracy to put this nation into war and to carry out the war crimes and crimes against humanity incidental to it.

Now, I can't see how the attitude of foreigners either exonerates or helps the Court to decide that question. If it does, of course I don't object to it, but I can't see the importance of it at this stage.

DR. DIX: I do believe --

THE PRESIDENT: Wait a minute. Dr. Dix, what exactly was the question you were asking at that moment? What had it reference to?

DR. DIX: I asked the witness what the attitude was that was taken by prominent foreigners with whom he came in contact, officials and private contact, what the attitude was in the period while power was being established by the regime, whether they rejected the regime, whether they were sympathetic to it -- in other words, just how they influenced him and his thoughts. And

H0120-0019

may I say one more thing?

THE PRESIDENT: I think you know, Dr. Dix, that to ask one witness what the attitude of other people is a very much too general form of question. Attitude -- what does the word mean? It is far too general, and I don't understand exactly what you are trying to prove.

DR. DIX: I will make the question a little more precise, your Honor.

BY DR. DIX:

Q How, Dr. Schacht, through your exchange of thoughts with foreigners, was your attitude influenced? How was your attitude and your activity influenced through the attitude of these foreigners?

DR. DIX: That is something which Dr. Schacht can testify to alone, because it is something that is inner and personal to Schacht, your Lordship. On the evidence which seems relevant to the Prosecution, I will not wish to conceal anything.

The Prosecution says that this group -- and a prominent member of this group Schacht was -- that this group did not receive any support from abroad, but that foreigners made the opposition more difficult. That is not a criticism that is leveled towards foreign governments. There is no doubt that they were speaking for countries who were taking that attitude, and the representatives took the same stand. But it was of decisive value for this oppositional group to know how the foreign countries were taking their position to this regime, whether it admired or whether it supported it, or through caution and reserve it would show its disinclination, and therefore would strengthen this oppositional group.

That is the themewhich is of the utmost importance to me and to the carrying on of the defense, and I will fight for this piece of evidence as I see it, because it is of the utmost importance to the defense.

H0120 - 0020

THE PRESIDENT: Dr. Dix, the Tribunal has considered the argument which you have presented to it and they think that the investigation of these facts is a waste of time and is irrelevant. They will, therefore, ask you to go on with the further examination of the defendant

BY DR. DIX:

Q Dr. Schacht, when we deal with armament, you supported it through your finances in the Reichsbank. Why did you do that?

A I wanted an international equal right for Germany and I considered this equality an absolute necessity for Germany and I am of the same opinion today; and in order to reach this state, it was necessary that either the disarmament, which had been promised by the Allied Powers, would come into effect or that if t the benefit for equal rights were to be obtained, Germany would have to re-arm in a corresponding manner.

Q This financial help by the Reichsbank, was that your work alone or was that decreed through the directorate of the Reichsbank?

A In the Reichsbank, the Fuehrer principle applied; the bringing in of Fuehrer principle into the Reichsbank was always rejected by me. The Reichsbank was governed by a group of men in which all members had an equal power to vote and if there was a"tie", the vote of the chairman was the decisive vote, and beyond that the chairman had no rights.

Q You are familiar with the affidavit of the former Reichsbank Director Puhl, and I am asking, and with consideration, for the contents of this affidavit which the Tribunal knows. Did Puhl participate to this effect for rearmament?

A Mr. Puhl participated in all decisions which were made by the Reichsbank directorate and not once did he dissent from the decision reached.

Q It is known to you that the methods of financial help by the Reichsbank in the discounting of the so-called notes took place and the prosecution has mentioned this fact, and the affidavit signed by Puhl says that this method made it possible to keep the size of rearmament secret. Is that correct?

A We cannot even talk about keeping secret of armament. I call your attention to excerps from documents submitted by the prosecution, which they submitted and used as evidence. I would like to cite and quote first of all from the affidavit by Geroge Messersmith, dated the 30th August 1945, 2395-PS, where it says on page three line nineteen:

H0120-0021

"Immediately with the assumption of power, the Nazis launched a tremendous program of rearmament."

And on page eight it says that:

"A tremendous German armament program which was never a secret," and so forth. Mr. George Messersmith, who was in Berlin at the time, knew in any event about these matters and I am sure informed his colleagues about these matters also. I would also like to quote from EC-461. It is the diary of Ambassador Dodd, where it says, on the 19th of September 1934, and I quote in English for I just have the English text before me:

"When Schacht declared that the Germans are not arming so intensively, I said last January and February, Germany bought from American aircraft people one million dollars worth of high-class war flying machinery and paid in Gold,"

This is a discussion between him and myself which took place in September 1934 on which occasion he pointed out that already in January and February 1939 --

(A mechanical disturbance in the courtroom at this point.)

THE PRESIDENT. The Tribunal will adjourn.

(A recess was taken.)

H0120 - 0022

THE PRESIDENT: TheTribunal would like to know how long you expect to be with your examination in chief of the defendant. You have already been nearly a whole day, and the Tribunal think that in view of the directions in the Charter, the examination of the defendant certainly ought to finish in a day.

DR. DIX: Your Lordship, there are two things I don't like doing, to make promises which I can't keep, or to promise something which can't come true.

May I answer the question by saying that I consider it quite impossible that I can finish today. I am fully aware of the statute of the Charter, but on the other hand I am asking you to consider that the accusations against Schacht have been backed by numerous pieces of evidence by the Prosecution, relevant facts, which have been used to try to prove the accusation, and that it is my duty to refer to these individual pieces of evidence offered by the Prosecution.

Please apply strict measures to my questions. If the Tribunal should be of the opinion that there is something irrelevant, then I shall certainly adhere to their wishes, but I do think that I not only have the right, but also the duty to put any questions which are necessary to contradict the evidence submitted by the Prosecution.

I shall, therefore, certainly not be able to finish today. I should be extremely grateful if your wouldn't make me prophesy. I shall hurry as much as possible, and I may finish in the course of tomorrow, but it may even take the whole day -- I can't say for certain. I shall make every effort to put only relevant questions, and if the Tribunal should be of the opinion that they aren't relevant, then please tell me and I shall give the reasons for my conception.

THE PRESIDENT: I think you had better get on at once then, Dr. Dix, and we'll tell you when we think your questions are too long or too irrelevant.

BY DR. DIX:

Q. Now, Dr. Schacht, in the case of the Mefo Bill, did you consider them a suitable means of keeping the rearmament secret? Have you anything else to say to that question?

H0120 - 0023

A. The Mefo Bills as such, and as far as the fact of armament was concerned, did not connect with the question of secrecy. The Mefo Bills went to every supplier who wasbeing paid with them. There were, of course, hundreds and thousands of small suppliers everywhere in the country.

Apart from that, before they could be taken to the Reichsbank, the Mefo Bills were amongst the public for at least three months, and any businessmen who required cash used the Mefo Bills to discount them in their banks or to have advances made on the strength of them, so that all banks knew about this particular system.

But I should like to add also that all the Mefo Bills which were taken up by the Reichsbank were listed on the bill account of the Reichsbank, and furthermore, I should like to say on the question of keeping state expenditures secret, and armament expense as well, that state expenditure, of course, was not a matter for the President of the Reichsbank but an affair concerning the Minister of Finance. If the Reich Minister of Finance did not publish guarantees which he had issued in connection with Mefo Bills, then that was his affair and not mine, and for that I am not responsible. The responsibility for it is in the Reich Minister of Finance.

DR. DIX: The next question, your Lordship, might allow doubts as to whether the question is relevant. I personally consider the information not relevant for this trial, but it has been mentioned by the Prosecution, and for that reason alone I think it is my duty to give Dr. Schacht to justify his actions and reply.

The Prosecution have represented the view that the financing by means of Mefo Bills, from the point of view of a reasonable, solid financial procedure might have allowed objections. One might adopt the view that that may be the case or not, but --

THE PRESIDENT (Interposing): Ask the question, Dr. Dix. Ask the questior

BY DR. DIX:

Q. You have heard, of course, Witness, what I have been referring to.

A. It is a matter of course that in normal times and in normal economic practices, such means as Mefo Bills would not have been used. But if there is an emergency, then it is always customary, and it has always been a policy recommended by

H0120 - 0024

all scientists, that the currency banking institute should take care to furnish cheap money and should furnish credits so that the economic system can, in turn, be operating on the strength of it.

Mefo Bills, of course, were a risky operation, but with reasonable financial procedure they were by no means risky, and to prove this I would say that if Herr Hitler, after 1937, had dealt with finance as it had been proposed in paying the Mefo Bills back, and the money was there, then this system would have worked just as smoothly as I had started it off. But Herr Hitler preferred simply to refuse to pay the bills back, and instead to invest the money in further armament. I cou couldn't forsee that; I couldn't expect that someone would break his word in this matter too, which was a purely business matter.

Q But, if the Reich had met the bills and had paid, then the finance would no doubt have lacked for further rearmaments and the meeting of the bills would therefore have curtailed armament. Is that a correct conclusion?

A That, of course, was the very purpose of my termination of the procedure later. I said if the Mefo Bills weren't met, it would obviously show ill-will; then there were further rearmaments, and that must not be so.

Q Earlier you dealt with the question of keeping armament secret. You mentioned it as an aside. Have you anything to add to that?

A I think that it has to be dealt with generally. It has to be said that State expenditure did not come under the jurisdiction of the President of the Reichsbank, and that the taking of State money is under the control of the Minist of Finance, and consequently it is his duty to publish it and deal with it. The Reichsbank had in their ledgers every bill which they ever had in their possessio and they were shown weekly.

Q Is that what you have to say in addition to the principal question of the so-called keeping secret of the armament program?

A Yes.

Q Another aside you mentioned was why you were in favor of rearmament. Have you anything to add to that?

A Yes. A few very important remarks might, of course, be made on that, since this question is the chief accusation against me, and therefore I may perhaps have permission to deal with it in a little more detail.

I saw an unarmed Germany in the center of Europe, surrounded by military

H0120-0025

armed nations, and I considered it a danger to peace. I want to say that these states weren't only armed, but that they were, to a very large part, continuing to arm and were making renewed rearmaments. The additional rearament refers in particular to the two states Czechoslovakia and Poland which hadn't, of course, existed before, and the further rearmament refers, of course, also to the naval rearmament in Britain subsequent to 1935.

I should like to say quite briefly that I was of the opinion that a country which wasn't armed could not defend itself, and that consequently in the international circle it would have no significance. The British Prime Minister Baldwin once said, in 1935, "A country which isn't willing to take necessary precautionary measures for its own defence will never have power in this world, neither moral power nor material power."

The unbalanced state of affairs between the countries surrounding Germany and Germanywas regarded by me as being a permanent moral and material danger to Germar

I further want to point out -- and this id not meant to be criticism, but merely a statement of fact -- that Germany, after the Treaty of Versailles, was in a condition of extreme disorganization. Conditions in Europe were such that in Russia the latent conflict and controversy existed with regard to Finland and Poland, which had, of course, considerable parts of Russian territory. There was conflict with Rumania which had Bessarabia, and then for Rumania, there was the conflict with the Bulgarians; there was the difference of opinion about the territory belonging to Hungary, conflicts with Serbia, between Serbia and Hungary and Hungary and all its neighbors. There was the conflict between Bulgaria and Greece. In other words, the entire East of Europe was in one continuous state of neutral suspicion and conflict of interests.

In addition, there was the fact that in a number of countries there were most serious internal conflicts. I remind you of the conflict between the Czechs and the Slovaks. I remind you of the Civil War conditions in Sapin. All that will make it possible to understand that I considered it absolutely essential that in the event of the outbreak of any conflagration in this devil's punch bowl, there should be the absolute necessity for Germany, at least, to protect its neutral attitude. That couldn't possibly be done with that small army of 100,000 men.

For that reason, an army had to be created.

Accidentally, an edition of the Daily Mail, dated April 1937 went through my

H0120 - 0026

hands in this prison, where the conditions in Europe were described, and I beg yo
you to allow me to quote one single sentence. I shall have to quote it in Englis.
It doesn't represent the views of the Daily Mail; it describes conditions in
Europe.

I quote:

"All observers are agreed that there is continual terror of an explosion and that the crazy frontiers of the peace treaties cannot be indefinitely maintained. Here too vigorous non-interference should be the pin of the British chariot. What further interests have we in Austria or in Czechoslovakia or in Roumania or in Lithuania or Poland?"

This is merely describing the boiling pot of Europe at that time, and in this over-heated boiling pot there was the unarmed Germany. I considered that the most serious danger to my country.

Now, I shall probably be asked whether I considered Germany threatened in anyway. No, gentlemen of the Tribunal, I did not consider Germany threatened directly with an attack, nor was I of the opinion that Russia was likely to attack Germany. However, there we had experienced the break-through of the Ruhr in 1923. That passed, and the situation at that time made it an absolutely essential demand for me that Germany should be equal to other nations and should be supported if there should be an attack.

I assume that the reasons for the carrying out of the rearmament will have to be dealt with by me and so will the question of how the foreign countries behaved towards us.

Q What did you know at the time about Germany's efforts to bring about disarmament as far as other nations were concerned? Was that point of view important for your decisions?

A May I, generally and principally speaking, say the following?

In principle I was not in favor of rearmament; in principle I was in favor of an equal position for Germany. That is, that German equality could be brought about either by means of disarmament on the part of the other nations or by means of our own rearmament. I would have preferred, and I wished at the time, disarmament on the part of the others, something which had been promised to us. Consequently, I made the most anxious efforts at the beginning, and during the subsequent years, that disarmament should be avoided if one could succeed in bringing about disarmament.

The disarmament on the part of the others did not take place, although at the disarmament conference of the League of Nations it had been repeatedly stated and declared that Germany had met her obligations regarding disarmament.

To all of us who were members of the so-called National Government at the time, and to all Germans who participated in political life, it was a

H0120-0027

considerable relief that during the first years Hitler, again and again, urged that there should be disarmament and had offered disarmament. Afterwards, of course, it is easy to say that that was also a false pretense and a lie on Hitler's part, but that false pretense and that lie would have blown up quite quickly if the countries abroad had shown the slightest inclination to take up the proposals and the offers.

I was present during the meetings, and therefore I remember quite well when Foreign Minister Eden of Great Britain was in Germany, at the beginning of 1934. At that time, during conversations with him, quite concrete proposals concerning Germany's duties regarding disarmament were being putto him in case disarmament on the part of the others might be begun and carried out. It was promised to Eden that all so-called military units like the SS, the SA and the Hitler Youth would be deprived of their military character if only one could succeed in accelerating general disarmament by those means.

I could produce a number of quotations regarding these offers to disarm, but since it is the wish of the President not to delay the proceedings, I shall certainly forego them. There are well-known statements made by

H0120-0028

H0120 - 0029

statesmen and ministers, ambassadors, and such, all of which have the same tenor, namely, that it was absolutely essential that the promise made by the Allies should be kept; in other words, that disarmament should be carried ou

DR. DIX: Excuse me if I interrupt you, but we can do it more quickly and more simply by asking the Tribunal--without reading that--to take judicia notice of Exhibit No. 12, which I have been granted. It is at page 31 of the English translation of my document book.

These are the remarks referred to and speeches made by Lord Cecil and others, and also the Belgian Foreign Minister. There is no need to read them; they can be presented. I just hear that they have been presented, and I can refer to them.

BY DR. DIX:

Q Please forgive me for interrupting you. Will you continue?

A Well, in that case my statement is complete. Hitler did make these offers continuously, but the other countries did not take up a single one of these offers, and thus only the alternative remained, and that was rearmament. That rearmament carried out by Hitler was financed with my assistance, and I assume responsibility for everything I have done in that connection.

Q Do I understand you correctly? Can one draw the conclusion from your statement that there were other reasons for your assistance in the rearmament program, that you had the tactical thought that by putting German rearmament up for discussion the debate about disarmament amongst the other governments might be started again, which, at that time, had died down?

A If I may, I will illustrate it briefly by means of an example:

Two parties have a contract with each other. One party doesn't live up to that contract, and the other party has no way of making the breaker of the contract stick to it. Then, the other party has no responsibility whatsoever, so that he, in turn, should not adhere to the contract. That is what Germany did. That is what I supported.

Now, of course, I must say that I had expected a type of reaction which in any such case must always be expected from a partner to a contract, namely, that he would say, "Well, if you don't keep up the contract either, then we

H0120-0030

shall have to talk about the contract again."

I must say--and I can quite easily use the word--it was a disappointment to me that Germany's rearmament was not in any way replied to by any actions abroad. This so-called breach of contract on Germany's part against the Versailles Treaty was taken quite calmly. A note of protest was all; nothing in the least was done, apart from that, to solve the question of disarmament. That is what I was interested in, to start it up again.

Not only was Germany allowed to go on rearming, the Naval agreement with Great Britain did, in fact, give the legal right, contrary to the Versailles Treaty, to rearm. Military missions were sent to Germany to look at this rearmament, and German military installations and shows were visited and everything was done, but nothing was done to stop Germany's rearmament.

MR. JUSTICE JACKSON: If the Tribunal please, I cannot see the point of all this detail. We have conceded that rearmament here, except as it was involved with aggressive purposes, is immaterial. As I said in the opening, the United States does not care to try here the issues of European politics, nor are they submitted to this Tribunal for decision.

The sole question here is the Indictment, charging arming with the purpose of aggression.

I do not wish to interfere with the defendant giving any facts that bear upon his aggressive intentions, but the details of negotiations and European politics and charges and counter-charges between governments, it seems to me, lies way back of any inquiry that we could possibly make, and the details of this matter seem to me not helpful to the solution of the issues here, and I think was ruled out by the Tribunal in the case of Goering, if I am not mistaken.

THE CHAIRMAN: Well, Dr. Dix, it all seems to be a matter of argument, and argument isn't really the subject of evidence.

DR. DIX: I don't believe that is quite right, Your Lordship. Dr. Schacht is accused of having assisted in bringing about an aggressive war, but this assistance of his is supposed to have been the financing which was carried out.

THE PRESIDENT: Go on, Dr. Dix, and do try to make it as short as possible.

H0120 - 0031

BY DR. DIX:

Q I think you had come to the end of that question anyway, Dr. Schacht

DR. DIX: May I refer to the motive for Dr. Schacht's assistance in rearmament? It was his hope to again start the debate about disarmament. In that connection may I draw your attention to Exhibit No. 36, page 141 of the German text, and page 149 of the English text? It is an affidavit from Dr. Schacht's son-in-law, Dr. von Scherpenberg. On page 2 of that affidavit you will find the following brief paragraph which I propose to read; in fact, I can confine myself to one sentence:

"He--that is to say, Schacht--considered rearmament within certain limits to be the only means for the re-establishing of the disturbed balance and the only means of bringing the other European powers into participation within the limitations of disarmament."

That is a statement of Scherpenberg regarding conversations which Schacht had had at that time. It is, therefore, not an ex post opinion, afterwards, it is the report of a conversation which Schacht's son-in-law had with Schacht at that time.

That is just an additional remark I wanted to make.

H0120 - 0032

BY DR. DIX:

Q. And, now, regarding rearmament on the part of the other States, particularly Czechoslovakia and Poland, you have discussed that, but can you say anything regarding the question whether you knew any exact detail regarding the state of disarmament of those two States, or heard about it?

A. I only know that it was known about Russia that in 1935 they announced that its peacetime army should be increased to 960,000 men; and then I knew that in Czechoslovakia, for instance, the installation of aerodromes was one of the leading tasks of rearmament. We knew about Great Britain, that her wartime navy was to be stepped up.

Q. Did you later on drop the thought of general rearmament?

A. To the contrary, I used every opportunity, in particular during conversations with men from abroad, to say that the aims should always be disarmament, that, of course, rearmament would always mean an economic burden which we considered a most unpleasant state of affairs.

I remember a conversation which I had with the American Ambassador, Davies. He did this -- and it is incorporated in an exhibit that has been submitted to the Tribunal -- in a report. To begin with, it is an entry in a diary or journal which is repeated in his book, "Mission to Moscow", and it is dated the 20th of June, 1937, as early as that. It was made in Berlin. He is writing about the fact that amongst other things he and I had talked about disarmament problems, and I need only quote one sentence. Unfortunately, I haven got the number of the document, your Lordship, but it has been submitted to th Tribunal.

Q. It is Schacht Exhibit 18, German page 43, English page 49.

A. Since I have only got the English text, I shall read from it. Davies writes:

" (Reading in English) When I outlined the President's suggestion of limitation of armament to defensive weapons only, such as a man could carry on his shoulder, he almost jumped out of his seat with enthusiasm."

It becomes clear, therefore, from these remarks of Ambassador Davies that with this renewed attempt and the impending initiative towards disarmament which I had hoped for, which was coming from President Roosevelt, I was most

H0120 - 0033

enthusiasitcally entering into the spirit of that proposal.

In this same book Davies reports a few days later, on the 26th of June, 1937, in a letter addressed to the President of the United States about a conversation he had with me. And from that I quote only one very brief paragraph. Again I shall have to do it in English:

" (Reading in English) I then stated to him that the President in conversation with me had analyzed the European situation and had considered that a solution might be found in an agreement among the European nations to a reduction of armaments to a sheerly defensive military basis; and this through the elimination of aircraft, tanks, and heavy equipment, and the limitation o armament to such weapons only as a man could carry on his back, with an agreement among the nations for adequate policing of the plan by a neutral state. Schacht literally jumped at the idea. He said: 'That is absolutely the solution!' He said that in its simplicity it had the earmarks of great genius. His enthusiasm was extraordinary."

Q. To what extent did you want rearmament?

A. Not beyond equality with neighboring States, with every single one o our neighbor-States.

Q. And did Hitler, as far as you know, state any further intentions?

A. At no time did he say so to me, nor did I hear from anyone else whether he had made remarks about rearmament going beyond that.

Q. Were you informed about the extent, the type and speed of rearmament

A. No, I was never told about that.

Q. Had you set yourself a limit regarding that finance or were you prepared to advance any amount of money?

A. I was certainly by no means to advance any unlimited amounts of mone particularly since these weren't contributions; they were credits which had t be repaid. But the limits of these credits were two-fold: one, that the Reichsbank was independent of the administration of the Reich finance and the supreme authority of the State. The

H0120 - 0034

director of the Reichsbank could pass a resolution that credits were to be given or were not to be given, or that credits were to be stopped if they considered that a suitable procedure. Since I was perfectly certain of the policy of the director of the Reichsbank, that all of these men agreed with me perfectly on the financial policy, that was the first possibility -- of applying the brakes, if things got too far out of hand; and of course, we will come to that later. The second safeguard, the certain limitation, was contained in the agreement which the Minister of Finance and the Government and with that, of course, Hitler, had made; and according to which Mefo Bills, the means of these credits, were to be paid back when they expired. On the other hand, Mefo Bills were repayable after five years, and I have already said that if that repayment had been carried out, means for rearmament would have had, of course, to decrease. That, in other words, was the second possibility of limiting the rearmament.

Q Will you now please give the Tribunal the figures which you were dealing with at the time?

A I am --

MR. JUSTICE JACKSON: We have no desire to enter into controversy about the figures of finance and rearmament. It seems that the details of dollars and cents -- or Reichsmarks -- are unimportant to this issue here, and terribly involved. We aren't trying whether the cost was too much or too little; the purpose of this rearmament is the only issue. I don't see that the statistics or cost has anything to do with it.

THE PRESIDENT: Dr. Dix, we would like to know what figures you are talking about.

DR. DIX: The sums that Schacht as President of the Reichsbank placed at the disposal of the rearmament program, or was ready to; That, no doubt, is relevant, because if those sums remained within such limits as might possibly be considered adequate for defensive rearmaments, then, of course, the extent of that financial assistance is a final piece of evidence regarding the

H0120 - 0035

intentions which Schacht was pursuing at the time. That is the very thing that in the case of Schacht is relevant namely, whether he was preparing for an aggressive war. If, on the other hand, he was considering the possibility of a defensive war in his financing and only placed sums at the disposal of the rearmament program which would never have enabled that program in the position of carrying out an aggressive war, then that would be a contradiction of the accusation raised by the Prosecution against the accused, and I think that the relevance of that question cannot be doubted.

THE PRESIDENT: Are you saying that if the Defendant placed at the disposal of the Reich, say, 100,000,000, or whatever the figure is, it would be defensive, and if he placed 150,000,000 it would not be defensive, or what? Is it simply the amount?

H0120 - 0036

DR. DIX: No, I want to say that if, as will be proved, he only wanted to give nine and later on gave hesitatingly twelve million for the purpose, then that contribution can never have been aimed at an aggressive war.

THE PRESIDENT: It is simply the amount?

DR. DIX: Yes, only the amount.

THE PRESIDENT: Well, that can be stated very shortly, but as for details of finance --

DR. DIX: I am of the same opinion, but it is not my fault that we have talked about it at such great length. I was only going to ask, what sum did you give, and at that moment the objection was raised, and thus the discussion was drawn out. May I put the question?

THE PRESIDENT: Yes.

Q Well, then which figure did you want to contribute?

A As little as possible, but what I have contributed is what is important. I have placed at their disposal -- to give one figure and to be very brief -- until 31 March 1938, credits amounting to a total of 12 milliards of reichsmarks.

I have discussed that with one of the interrogators, who asked me about the subject, and we have agreed that that was about one third of the amount which has been spent on re-armament.

After that, and without the Reichsbank and beginning with 1 April 1938, the figure stated in that budget year for rearmament was eleven milliards, and in the subsequent years, twenty and one half, and of that, not a penny came from the Reichsbank.

Q That was after you have left, was it not?

A That was after I had stopped credits.

DR. DIX: For the record, I should like to say that I made a mistake the other day. I said millions instead of billions, but I think it is obvious.

Q Now, then, Dr. Schacht, the Prosecution have stated that on 19 February 1935, the Ministry of Finance received authority to borrow unlimited amounts of money if Hitler ordered them to do so.

A Here, again, the Prosecutor did not see thihgs in the proper light. The President of the Reichsbank is not responsible for the actions of the

H0120 - 0037

Ministry of Finance of the Reich. I think the President of the Federal Reserve Bank in New York could hardly be held responsible for the things done by the Secretary of State in Washington, for instance.

Q You have also been accused that the debt of the Reich increased three times during the time when you were president of the Reichsbank.

A I might just as well be accused of being responsible for the fact that the birth rate in Germany rose during the time I was President of the Reichsbank. I just want to emphasize the fact that I was not participating.

Q For the same reason you were not responsible?

A No, of course I was not responsible for that.

Q And presumably the same applies to the point made by the Prosecution that you in 1938 were drafting a new finance program?

A To the contrary I had turned it down. I had refused to do anything for the financing of rearmament, and the program of finance was compiled by the Secretary of State in the Reich Finance Ministry, and by God, it looked like it.

Q Some of your economic policies, during the time you were Minister of Economy, which have been accused as being in preparation for war, were the so-called New Plan. What was that?

A May I first of all say that the New Plan had nothing at all to do with rearmament. Germany, according to the Treaty of Versailles, had been put into a state of emergency, economically speaking.

DR. DIX: May I interrupt you. Your Lordship, if the Tribunal is of the opinion that the New Plan has nothing to dowith the rearmament and preparations for war, and I think the Prosecution is of the opposite opinion, then, of course, the question is irrelevant, and I will drop it. I am only putting it because that New Plan has been used in the argumentation of the Prosecution.

THE PRESIDENT: If you say, and the defendant has just said, that the New Plan had nothing to do with re-armament, I think you might leave it for cross-examination if it is cross-examined to.

Q In that case, I shall not ask you about the contracts of exchange. I might leave it to the Prosecution to bring it out during the cross-examination. I cannot see, at any rate, what it can have to do with the preparation for war.

H0120 - 0038

Now, witness, you had already stated that you were anxious to remove the Versailles Treaty by means of peaceful negotiations, or

H0120 - 0039

anxious to change it. Were there any such means for a peaceful change of the Versailles Treaty at the time?

A In my opinion, there were no other means than peaceful ones. The change of the Versailles Treaty by means of a war was a crime.

Q Right, but, now, you are being accused that the so-called preparations for war were part of your doing, and that re-armaments, without preparation of an aggressive war, re-armaments as such alone were a violation of the Treaty of Versailles. I assume that you at the time when you decided to assist financially in that re-armament had made both legal and moral inquiries and had thought about it from that point of view.

A I think I have answered that question in detail earlier. I have nothing to add.

Q Good. This attitude of yours, the attitude of a pacifist and as one who was definitely opposed to the extension of living space in Europe, was that attitude of yours known abroad?

A As long as I have been President of the Reichsbank--that is to say, from March 1933--and I am, of course, only talking about the Hitler regime--my friends abroad and my acquaintances were efficiently and perfectly well informed about my attitude and views. I had many friends and acquaintances abroad, not only because of my profession but also outside of that, and particularly in Basle, Switzerland, where we had our monthly meeting at the International Bank. All the presidents of the large banks in all the large countries met, and I have always used all these meetings to tell these gentlemen quite clearly what the situation in Germany was.

Perhaps I may at this point refer to the so-called conducting of foreign conferences or conversations. If one is not allowed to talk to foreigners any more, then one can, of course, not come to any understanding with them. Those silly accusations that one had to avoid contact with foreigners appears to be perfectly unnecessary, and if the witness Gisevius thought-- and this corporal the other day--that he should protect his dead comrades, who were my dead comrades too, from being accused of committing high treason, then I should like to say that I consider it quite unnecessary. Never at any time did any member of our group give away any German interests or violate them.

H0120 - 0040

To the contrary, he fought for the interests of Germany, and to emphasize that, I should like to give you proof of that.

After we had occupied Paris, the files of the Quai d'Orsay were confiscated and were carefully screened by officials from the German Foreign Office. I need not assure you that on that occasion they were looking for proof whether there were not so-called defeatists circles in Germany who might be traced there in this foreign country. All the files of the Quai d'Orsay referring to my person and many discussions were of course recorded which I had had with Frenchmen, were searched by the Foreign Office officials at that time, without my knowledge, of course.

One day -- I think it probably happened in the course of 1941 -- I received a letter from a German professor who had participated in that search that was carried out by the Foreign Office. I shall mention the name so that, if necessary, he can testify. It is Professor of Finance and National Economy, Professor Stuckenbeck of Erlangen, and he read to me--

THE PRESIDENT: The Tribunal cannot see any point in this, so far as this trial is concerned. In any event, if the defendant says that he did not in any way give away the interests of Germany, surely that is sufficient. We do not need all the details about it. What it has to do with this trial, I do not know.

DR. DIX: I think, Your Lordship, that that was not the point of the statement. What he wants to say is that capable men abroad knew him and that they, in turn, knew that he was certainly a man of peace and not a man who prepared aggressive wars, and that applies to the period of re-armament.

THE PRESIDENT: But he said that five minutes ago.

DR. DIX: I do not think the question of Professor Stuckenbeck is so important. Let us turn to the next problem.

It seems interesting to me what Ambassador Davies said about his conversation with the Foreign Commissar of the Soviet Republic, Litvinov. This is contained in Exhibit No. 18 of my document book. It is page 43 of the German text, and page 49 of the English text. May I read one paragraph, and may I ask Schacht briefly whether that statement of Ambassador Davies corresponds to his recollection?

H0120 - 0041

It is Davies' report -- I beg your pardon. It isn't a report; it is an extract from his book "Mission to Moscow". It is a report to the Secretary of State in the United States, and the passages on page 108 and 109.

"In accordance to the plans made, I visited Foreign Kommissar Litvinov. Before leaving for the States, I presented my respects to him. I then stated that the European situation in its elementals looked simple and that it was difficult to understand why the statesmanship of Europe could not provide that England, France, Germany, Italy, and Russia should agree to preserve the territorial integrity of Europe and, through trade agreements, provide Germany with raw materials, thereby giving a guarantee that she could live. They would relieve the peoples of Europe and the world of those terrific burdens of armament and relieve the world of the fear of catastrophic war. The prompt rejoinder coming from Litvinov was: 'Do you think that Hitler would ever agre to anything like that?' I said that I didn't know that, but that in my opinion there was a considerable circle of influence and responsible men existed in Germany who would understand such a train of thoughts. Litvinov, the Foreign Kommissar, himself, replied that he thought that this might be the right way and that Schacht was such a man. He did not believe, however, that they could prevail against Hitler and the political and military forces dominant in Germany."

And now I ask you, do you remember that conversation with Davies?

A. I think there must be a mistake. I didn't speak to Davies; I spoke to Litvinov. This is a report of Davies to the Secretary of State, about which I did not know.

Q. Yes, you're perfectly right.

It has been repeatedly underlined by the Prosecution that your knowledge of Hitler's intentions of war must have been arising from your knowledge as Plenipotentiary for War Economy and from your membership of the Reich Defense Counsel. Goering has made a detailed statement on it. Have you anything to add to Goering's statement, anything new?

A. I think the witness Lammers has also talked about it. I should like to merely confirm that the first Reich Defense Counsel of 1935 was nothing

H0120-0042

other than the legal justification of a committee which existed before '33, and which contained ministerial officials who had to deal with economic matters, too, who had to deal with administration, and who, in the event of a threat of war against Germany, would have to act.

Q. How often did you meet the Ministry of War and the Plenipotentiary for Administration?

A. This famous three-men group mentioned by one of the Prosecutors as th cornerstone of war policy never met at all, and it isn't a miracle that we lost the war, if that was the cornerstone.

Q. The Prosecution have also referred to the report of the Ministry of War regarding the task of the Reich Defense Counsel. It is document EC-128, US-623. Have you anything in particular to add to that?

A. Yes, I should like to have permission to quote one very brief paragraph. As I can see, there are only two sentences. This report contains the following statement: It is, incidentally, with reference to the first World War and the experiences made during it, that is 1914 to 1918, and I quote -- I shall have to do it in English since I only have the English translation. I quote:

"At that time we were able to extend our bases for raw materials and production towards the West. For a long time we took from Antwerp (textiles), and enlarged towards the East and Southwest (in Serbia and Turkey) (mineral oils in Rumania). Today we have to reckon with the possibility of dealings thrown back in our country and even of being deprived thereby of most valuable industrial and raw material in the West and in the East."

I think that anyone wanting to prepare an aggressive war, if he had expected in September that one would have to protect oneself against the possibility of such a situation, that this is the best proof that an aggressive war wouldn't possibly have been meant in this connection.

Q. In that connection, under the heading of peaceful efforts, can you perhaps tell the Tribunal what your peaceful efforts were, stipulating that reparations should become less severe or to an end?

A. Right from the very first moment, after I heard of the sums of the

H0120 - 0043

reparations which took place, in 1921, I think I fought against this nonsense, using the evidence that the carrying out of those reparations would throw the entire world into economic chaos. One cannot during one generation pay two billions of marks as they are here.

Q. Well, all right., Will you please be brief and talk about your peaceful efforts and don't talk about economy?

A. Rightfully I thought about it and, as time went by, I did succeed in convincing the public of all this nonsense which in terms meant that in July, if I'm not mistaken, of 1932, the then Chancellor Papen of the Reich was in a position to affix his signature to an agreement at Lusanne, which reduced reparations, in fact, to an impending sum of three billions, but which, in fact, cancelled reparations altogether.

Q. Regarding your definitely peaceful efforts, did you continue them elsewhere? That is the question of the negotiations in Paris. You've touched on it regarding the colonial questions. Have you anything to add to that in this connection?

A. I don't remember at the moment how far I had gone there at the time, but I think I reported on the negotiations in detail, so I needn't repeat.

Q. George Messersmith, the often-mentioned former Consul General of the United States in Berlin, states in his affidavit EC-451, US Exhibit No 626, to which the Prosecution has referred, that he is of the opinion that the National Socialist regime could not have been in a position to stay in power and that its war machine could not have been prepared if there hadn't been your activities and participation. At the end of the case for the Prosecution, the Prosecution are using that thesis of Messersmith's, and I should like you to make a statement on this subject.

A. I don't know whether that completely unsubstantiated private opinion of Mr. Messersmith has any value as evidence. Nevertheless, I should like to contradict it by means of a few figures. I had stated earlier that until the 31st of March, 1938, the Reichsbank had contributed twelve billions; that is to say, during the first budget year, two and a half quarter billions, and during the subsequent three years, three and a quarter billions per annum.

H0120 - 0044

During those years -- and defendant Keitel has been asked about that when he was examined here -- it has been stated by Keitel that armament expenditure amounted to the following figures:

Budget year '35, '36 -- 7 Billions

Budget year '36, '37 -- 7 Billions

The following budget year -- 9 Billions

And at that stage the assistance of the Reichsbank ceased. In spite of that, during the following year and without any assistance from the Reichsbank, the expenditure for armament amounted to 11 billions, and in the following year it climbed to twenty and a half billions.

It appears, therefore, that even without the financial genius of Mr. Schacht, they managed to get hold of the cash. Just how they did, that's another question.

Q. Some time ago, Dr. Schacht, I put figures before the witness Keitel. I don't think that the Tribunal had the document at the time. It is now available and has the Exhibit No. 7. It is page 15 of the German text and page 21 of the English text. Mr. Keitel could, of course, only refer to the first column, that is to say, total expenditure, but there is a second and a third column in this balance sheet, and these two columns are calculations made by Schacht, calculations regarding those figures which were split with the help, and without the help of the Reichsbank.

I don't intend to go through it in detail now. I should merely like to have your permission to put the question to Schacht whether the figures in column 2 and 3 of the document were calculated by him and whether they are calculated correctly.

H0120 - 0045

A I have got the copy of the document before me. The figures are absolutely correct, and again I want to declare that during the first year after the Reichsbank had discontinued their assistance, no less than five and a quarter billions more were spent without the assistance of the Reichsbank, that is to say, a total of 11 billions.

Q Up to now you have stated to the Tribunal that you were aginst a dangerous and extensive rearmament and that you did so by putting the hand in the money bag. Did you not act against undue rearament in any other way, for instance, by means of giving lectures?

A Repeatedly I have spoken, not only before economists and professors, but I have often spoken, by arrangement with the Minister of War and the head of the Army Academy, before high ranking officers. During all the lectures I have continuously referred to the financial and economic limitations which would stand agains German rearament, and I have warned against excessive rearmament.

Q When did you first gather the impression that the extent of German rearmament was excessive and exaggerated?

A It is very difficult to give you a date. Beginning in 1935, I made continuous attempts to slow down the speed of rearmament. On one occasion Hitler had said--just a moment, I have got it--that until the spring of 1936 the speed of rearament would have to be continued. I adhered to that as much as possible, alth although beginning during the second half of 1935 I continuously applied the brake But after 1935 I told myself that since the Fuehrer himself had said that after the spring of 1936 then the speed wouldn't be necessary any more--something which is contained in Document PS-1301, in which these statements of mine are quoted, statements which I have communicated to the so-called Smaller Cabinet Council. Goering contradicted me during that meeting, but I of course maintained the things which I said at the time.

After that I bothered the Minister of War continuously in the same sense, that of slowing down the speed of rearament in the interest of general economy, since I wanted to see the economic system work for exports. Proof for the fact of just how much I urged the Minister of War is contained in my letter dated the 24th of December 1935.

At the end, when I saw that the period desired by Hitler was coming to an end, and when I was already applying the brake, I wrote a letter to him, which has also

H0120 - 0046

been used by the Prosecution and submitted to the Tribunal. It has the document number, PS-1301. In the English version of the document it is on page 25.

I beg to be allowed to quote very briefly. All my quotations are brief from that document. In that case I am writing a letter to the Reich Minister of War, and I quote. And then come the reference numbers.

"Reference letter dated 29th of November, from which I gather that increased demands by the armed forces for copper and lead are to be expected, which will amount to practically double the present consumption. This appears only to be current demands, whereas the aqually urgent demands to be expected are not contained in the figures.

"You are expecting me to obtain the necessary foreign currency for these demands of yours, and to that I respectfully reply that under the existing circumstances I see no possibility of doing so." End of quotation.

In othe words, Blomberg is asking that I should buy raw materials with foreign currency, and I am stating quite clearly that I don't see any possibility of doing so.

The document goes on to say--and this is the sentence regarding the limitation I quote:

"In all the conferences held with the Fuehrer and Vice Chancellor up to now, also held together with the leading military departments, I have expressed my conviction that it would be possible, regarding the existing degree of rearmament until the first of April 1936, to supply the necessary foreign currencies and raw materials for these purposes.

"Although, due to our cultural policy which is being turned down everywhere abroad and althouh this has been made extremely difficult for me, and continues

H0120-0047

to be difficult, I still hope that my original proposal may still be carried ou

That is to say, that the proposed program might be carried out to the first of April, butthat, over and above that, I thought I couldn't.

Q It is known that Minister of Transport, Dortmueller, was trying to raise credits for railway purposes. What was your attitude as president of the Reichsbank regarding these wishes of Dortmueller?

A During a conference between the Fuehrer Dortmueller and myself, and during which the Fuehrer supported strongly Dortmueller's demands, I turned that credit down straightway, and he didn't get it.

Q It has been said here regarding the meeting of the so-called Smaller Cabinet Council, presided over by Goering, dated the 27th of May 1936, that it was the opinion by all the Prosecution that during that meeting the intention of an aggressive war became apparent. Have you any knowledge of that meeting?

A What was the date, please?

Q 27th of May 1936.

A No. I was present during that conference, and I see nothing contained in the entire document pointing to an aggressive war. I have studied that document very carefully.

Q It has furthermore been stated against you what is contained in the report of Ambassador Bullit, M-151, dated 23rd of November 1937. You have heard of course that the Prosecution is drawing the conclusion from that report that there were aggressive intentions on Hitler's part. Will you make a statement on that subject?

A I see no clues in the entire report to the effect that Hitler was about to start an aggressive war. The intention of Hitler to bring about an Anschluss of Austria is all I am talking about in this connection, and the hope that the Sudeten Germans would be given autonomy. Neither of those two actions would be aggressive war, and apart from that, Mr. Bullit is saying with reference to me in his report about this conversation that-- and I quote:

"Schacht then went on to speak on the absolute necessity for doing something to produce peace in Europe". End of quotation.

Q The memorandum about this conversation is contained in my document book and it is Exhibit Number 22. It is on page 64 of the English text and page 57

H0120 - 0048

of the German text.

We shall now have to deal with your so-called knowledge of Hitler's intentions to start war. First of all, quite generally, did Hitler --

SIR DAVID MAXWELL-FYFE: (Interposing) My Lord, I asked Dr. Dix if he would object if the Tribunal would allow me, since he is passing to a new point, to mention the question of the Raeder documents. I had a discussion with Dr. Siemers. There are still some outstanding points, and we should be grateful if the Tribunal would hear us this afternoon, if possible, because the translating division is waiting for the Raeder documents to get on with their translations.

THE PRESIDENT: How long do you think it will take, Sir David?

SIR DAVID MAXWELL-FYFE: Not more than a half hour, my Lord.

THE PRESIDENT: If the translation department is waiting, perhaps we had better do it at 2:00 o'clock.

SIR DAVID MAXWELL-FYFE: If your Lordship pleases.

THE PRESIDENT: If it is only going to take a half hour. It isn't likely, I suppose, to take more than that.

SIR DAVID MAXWELL-FYFE: I don't think it will take more than that.

THE PRESIDENT: We will do that at 2:00 o'clock, and now we will adjourn.

(A recess was taken until 1400 hours.)

Official transcript of the International Military Tribunal in the matter of The United States of America, the French Republic, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics against Hermann Wilhelm Goering et al, Defendants, sitting at Nurnberg, Germany on 1 May 1946, 1400-1700, Lord Justice Lawrence presiding.

SIR DAVID MAXWELL FYFE: May it please your Lordship, the Tribunal should have in front of them a statement of our objections to certain of the documents arranged in six groups. Attached to that sheet, they will find an English summary of the documents, presenting shortly the contents of each one of them. My Lord, with regard to the first group, might I make two erasures from our objection to No. 19, which has been allowed in the case of Schacht and, if I understand Dr. Siemers correctly, he doesn't press for No. 76.

Now, my Lord, the others in that group, No. 9, are a series of quotations from Lerchner's book on "Versailles."

No. 10, the quotation from a book by the German leftwing publicist, Thomas Mann.

No. 17 is "The Failure of a Mission," by Sir Neville Henderson.

No. 45 is a quotation from a book of Mr. Churchill's.

No. 47 is the report on a complaint to Lord Halifax about an article in the News Chronicle, criticizing Hitler.

My Lord, No. 66 is rather different. If the Tribunal would be good enough to look at it, it is a report by a German lawyer, Dr. Moesler, I think his name should be, who is an authority on international law, dealing with the Norway action. Dr. Siemers has been of course absolutely frank with me and he said that it would be convenient to him to have these, what is really legal argument, embodied in his document book. Of course, that is not really the purpose of these document books but, of course, it is a matter of the Tribunal and we felt we had to draw attention to it.

Then, myLord, 76 comes out.

93 to 96 are quotations from Soviet newspapers.

101 is a quotation from Havas, the French News Agency.

102 to 107 are minor orders relating to the Low Countries which, the prosecution submit, have no evidential value.

Then in the second group, there are a number of documents which, the prosecution submit, are not relevant to any of the issues in the case.

H0120 - 0049

THE PRESIDENT: Sir David, you didn't deal with 109, did you?

SIR DAVID MAXWELL FYFE: I am sorry, my Lord, it is on the second line. That is another legal argument, the effect of the war on the legal position of Iceland, which is a quotation from the British Journal of Information in Public Law and International Law.

THE PRESIDENT: All right.

SIR DAVID MAXWELL FYFE: My Lord, the second group, the prosecution submits, are irrelevant.

No. 22 is a Belgian Decree of 1937, dealing with the possible evacuation of the civil population in time of war.

39 is a French document of the Middle East.

63 and 64 are two speeches, one by Mr. Emery and another by Mr. Churchill, dealing with the position in Greece, at the end of 1940, some two months after the beginning of the Italian campaign against Greece.

No. 71 is an undated directive with regard to the study of routes in Belgium, which doesn't seem to us to have any evidential importance.

76 comes out as "The Altmark".

THE PRESIDENT: Did you say 76 came out?

SIR DAVID MAXWELL FYFE: Yes, my Lord, that is "The Altmark". It is the same one that is in 71. I am sorry, my Lord, it shouldhave been marked out again.

99 is the minutes of the ninth meeting of the combined cabinet council on the 27th of April 1940,and it deals with a suggestion of Monsieur Paul Reynaud, with regard to the Swedish orr mines and it was long after the Norway campaign and it was never, of course, acted upon in Norway, and it seems to us to have no relevance for this trial.

102 to 107, I have dealt with under one. They have certain very small unimportant memoranda relating to the Low Countries.

112 is a French document in which Monsieur Paul Reynaud quotes a statement from Mr. Churchill that he will fight on to the end, which again doesn't seem of much importance in 1946.

Now, my Lord, the next group are documents which were rejected by the Tribunal when applied for by the defendant Ribbentrop. The first two deal with British rearmament and the others deal with the Balkans and Greece. The Tribunal will probably remember the group which they did reject in the Ribbentrop

H0120-0050

H0120 - 0051

application; and the fourth group are other documents of the same series as those rejected by the Tribunal in the case of the defendant von Ribbentrop. The fifth group, they are really objectionable on the tu quoque basis. I think they are entirely French documents which deal with proposals in a very tentative stage and which were arranged but never followed out, with regard to the destruction of the oil fields or the blocking of the Danube in the Middle East. My Lord, they are documents dated in the spring of 1940 and, as I say, they deal with the most tentative stages and were never put into operation. The plans were never put into operation.

The sixth group are documents dealing with Norway, which were captured after the occupation of France. As I understand Dr. Siemer's argument, it is not suggested that these documents were within the knowledge of the defendants at the time that they carried out the aggression against Norway but it is stated that they had other information. Of course, as to their own information, we have not made any objection at all, and that these documents might be argued, to be corroborative of their agents' reports. Actually, as assumed by document 83, to which we make no objection, they also deal with tentative proposals which were not put into effect and were not proceeded with; but in the submission of the prosecution, the important matter must be, what was within the knowledge of the defendants before the 9th April 1940, and it is irrelevant to go into a large number of other documents which are only debatable, consistent with the information which the defendants stated they had.

My Lord, I tried to deal with them very shortly because I made a promise to the Tribunal on the time but I hoped that I have indicated very clearly what our objections were.

H0120 - 0052

DR. SIEMERS (Counsel for defendant Raeder): High Tribunal, it is extremely difficult to define my position with reference to so many documents, especially since I know that the documents have not been translated and that the contents are not known as yet in their entirety. Therefore, I would like to point out that there is a certain danger in the treating of these documents. In part, we are concerned with the basic parts of my defense.

Therefore, in dealing with these documents, I would like to state this right at the beginning, that I might be forced, in order to give the reasons for the relevancy of this evidence, to point out passages which I will not need to read in their entirety, for as soon as the document book is completed they will be known to the Tribunal and it will be possible to read them at that time.

I will follow the order as outlined by Sir David. First of all, I shall deal with the first group, Documents 9 and 10. The note by Sir David which has been submitted to the Tribunal points out that the submission of these documents is in conflict with the resolution given by the Tribunal on the 29th of March. Therefore, I would like to point out that this opinion of the Prosecution is in error. The resolution by the Tribunal said that no documents might be submitted showing the injustice of the Versailles Treaty, and stressing the fact that it was given under duress. These documents do not deal with these two points of injustice and duress. On the other hand, they show the subjective attitude of a man such as Noske, who was a Social Democrat and assuredly did not want to carry through any wars of aggression.

For further clarification of numbers 9 and 10, I would say they explain the thought of the regime and public spending at the time, which were intentions of defense and the danger that in case of an attack, for instance on the part of Poland, the German Wehrmacht would be too weak. These are facts pure and simple, and I give you my assurance that I will never quote any sentences which might have a polemic interpretation. I just need this as a basis for my trial brief.

No. 17 is a very brief excerpt from the book by Henderson "Failure of a Mission". This dates back to the year 1940. I wish to quote perhaps 15 lines which I would like to use in my trial brief to show that Henderson, who

H0120 - 0053

knew Germany extremely well, believed even in 1940 that he could see positive signs of the regime at that time. I believe one cannot expect that a military commander in chief would be more of a sceptic than the British ambassador at that time.

Then we turn to Document No. 45. This document is taken from a book by Churchill, but this excerpt deals with the fact which I would like to prove, the fact that many years before the First World War the British Committee for Defense existed. In the table of contents which Sir David submitted, the word Reichsverteidigungsausschuss is used, and I conclude therefrom that the Prosecution was in error on this point and the German Reichsverteidigungsausschuss is not meant; that is a mistake. This document shows how it came about that the Prosecution over-estimated the importance of this German Committee, for the Prosecution confused the German committee with the British committee, the British committee being of much greater importance and authority than the German one.

Turning to No. 47, this proves that an article against Hitler appeared in a British paper, in the News Chronicle, and Lord Halifax at that time pointed out that it was not in his sphere to influence papers and newspapers. I must point out -- and I would like to state it at this point -- that the Prosecution pictured Raeder in such a way as though he were in some way connected with the rather regrettable article in the Voelkischer Beobachter saying that Churchill had sunk the Athenia. Raeder had no more connection with that article than had Lord Halifax with the article in the News Chronicle.

No. 60 deals with the approval of Dr. Mosler who was a specialist on international law. It applies to the Norway action, and this is a passage which I am sure the Tribunal will agree with me on, that in the framework of my defense as far as the Norway action is concerned, I must speak about the basis of international law involved. The basis of international law is not an entirely simple matter. I am not against the matter of having to present this material myself. I was guided by the thought that the Tribunal has asked again and again that we save time. I believe that we can save considerable time if this matter is granted me so that I shall not be

H0120 - 0054

obligated to use the numerous excerpts and quotations from authors singly, and to give the basis in law for each specific case. Perhaps in a half-hour's time I can deal with and dispose of the question of right, but without this piece of material I will not be able to consider this matter in a half-hour's time. If the Prosecution does not object to the using of more time, then of course I will be in agreement with having this document taken away from me.

No. 76 has been granted me.

Then, numbers 93 to 96 are excerpts from statements by leading Moscow papers, Isvestia and Pravda. These statements prove that at least at that time Soviet opinion regarding the legality of the German action in Norway coincided with the German opinion. If the Tribunal is of the opinion that these very brief excerpts and quotations should not be granted as documents, I will not interpose too many or too great difficulties, for I have been forced to tell with just what we are concerned.

The Tribunal will remember that at that time Germany and Russia were friends, and that the Soviet opinion was significant as far as a purely legal matter was concerned.

Then, on No. 101, I beg your pardon, Sir David, but if I am not mistaken Dr. Braun mentioned this document. Very well, then, 101 to 107. Here we are concerned, as I have already mentioned, with a problem of international law concerning the action against Norway, and the problem was whether a country may violate the neutrality of another country if there is reason to believe that another belligerent nation will also wish to violate the neutrality of the aforementioned state. In my case I shall show that Admiral Raeder, in autumn of 1939, had numerous reports to the effect that the Allies were planning to undertake the protection of the sovereign waters of Norway, to land in Norway, in order to have bases in Norway. When we deal with the Norway documents, I will return to this point.

I would like to say at this point that it is necessary to clarify and to prove that the attitude taken by the Allies, as far as law is concerned, to the question of the violation of the neutrality of a neutral country in the years 1939 and 1940, was entirely the same as the attitude of the defendant Raeder was at the same time.

H0120 - 0055

Therefore, it is necessary not only to deal with Norway, but also to show that this was a basic opinion, which may be proved through parallel cases. These parallel cases apply, first of all, to the example of the planning of the Allies with respect to the Balkans; and secondly, the plans of the Allies as far as the Caucasian oil fields are concerned.

Worthy gentlemen, it is hard for me, as Sir David has suggested, to work with these things under the attitude of tu quoque, that is, the attitude that the defendant had done something which the Allies had also done or wanted to do. We are concerned only with the judgement and right of the actions of the defendant Raeder. These actions can only be understood if the entire aspect and complex is brought to light, in my opinion.

I would like to refer to the expert report of Dr. Mosler, Exhibit No. 66. I would like to show that the defendant cannot be accused.

We are concerned with the basic problem as recognized by international law, the law of self-determination and self-preservation.

THE PRESIDENT: Dr. Siemers, we don't want to go into these matters in great detail at this stage. If you state what your reasons are in support, and state them shortly, we shall be able to consider the matter.

DR. SIEMERS: I am sorry that I have to enter into these details, but if through the objection of the prosecution--

THE PRESIDENT: I have said that the Tribunal does not wish to hear you in detail.

DR. SIEMERS: I would like to have the High Tribunal take into consideration the principle laid down by Kellogg in 1929. the right of self-defense. For that reason I would like to use these documents; if the Allies acted according to this principle, then Raeder did too.

Document 22 is next. I have just given basic theories which apply to a large number of my subsequent documents, so I can refer to my statements already made. Documents 22 and 39 fall into this group.

So far as documents 63 and 64 are concerned, I would like to point out that these documents deal with Greece, and not only these two, but a group of perhaps ten or twelve documents, which I will refer to briefly later on.

So far as Greece is concerned, the situation is as follows:

I must admit that I was more than surprised that the prosecution objected

H0120 - 0056

to these documents, about 14 in number. The document C-12, GB-226, accuses Raeder that on the 30th of December 1939 he decreed, and I quote:

"Greek merchant-men are to be considered hostile in the zone around England."

The decree was justified if Greece did so act, and Raeder was forced, by her actions, to give this decree.

The documents regarding Greece show that Greece did not enforce her neutrality If these documents are stricken, I cannot refute the evidence given, and I do not believe that it is the intention of the prosecution to hinder me and limit me in carrying out my work in this way.

The documents concerned here date back to this time and show that Greece put herself at the disposal of England, England was at war with Germany, and therefore the would be treated as hostile ships.

SIR DAVID MAXWELL FYFFE: I would like to say that I should have told the Tribunal I would make no objection to documents 53 and 54, because they do deal with the chartering of Greek steamers by the British Government.

H0120-0057

THE PRESIDENT: But you made no objection to them; you didn't object to 53 or 54.

SIR DAVID MAXWELL-FYFE: I wanted to make clear that I don't object to them.

THE PRESIDENT: There is no objection on the paper. What you are dealing with, Dr. Siemers, is 63 and 64.

Oh, I beg your pardon, I see it further on. Yes, I see; strike that out.

DR. SEIMERS: There is no objection to 53 and 54?

SIR DAVID MAXWELL FYFE: No, no objection. My Lord, my friend was dealing with the Greek fleet.

THE PRESIDENT: Yes; I beg your pardon, I hisheard.

DR. SEIMERS: Then we turn to document number 71. The same thing applies as I have stated regarding documents 101 and 107.

Number 99 belongs to Group 6, to the Norwegian complex, and I would like to make these remarks right now. All of these documents are concerned with Norway -- that is, thos documents which deal with the plans that the Allies had with respect to Norway. They deal with the landing at Narvik and other cities, the absolute necessity of having Norwegian bases and so on; the documents deal with all of these matters, for example, that the possibility of having ore fall into German hands should not be allowed.

In connection with the Marina, there are other documents which maintain the same plan as the Finnish-Russian war, which had already been concluded.

To show that these documents are relevant, I must quote. Since the High Tribunal has told me that I should not quote, I am requesting that we deal only with these points. The facts, as found in these documents, agree, point by point, with those reports which Admiral Raeder, from September 1939 until March 1940, received from the Intelligence Service of the German Wehrmacht, which was headed by Admiral Canaris. These facts agree with the reports which Raeder received through the Marine Attache in Oslow, Schreiber, in the same period of time; and they also agree with the reports which he received in the form of a letter through Karl at the end of the year 1939.

The reports from these three sources caused the defendant Raeder to point

H0120 - 0058

out the large danger, which consisted in the fact that Norway might fall into the hands of the Allies and that then the war would be lost for Germany. Therefore, this is purely a strategic idea. The occupation of Norway was not, as contended by the prosecution, concerned with prestige or desire for conquest, but was because of these positive reports.

I must show, first of all, that the defendant Raeder did receive these reports, and second, that these reports were objective.

THE PRESIDENT: You are dealing with 99, are you not?

DR. SIEMERS: Yes, 99, and all of Group 6.

THE PRESIDENT: I don't know what you mean by Group 6; 99 is in Group B.

DR. SIEMERS: The group mentioned under the letter "F", the last on the page, is objected to by the prosecution.

THE PRESIDENT: The objection of the prosecution to that document was that it was a document of the 27th of April, 1940, at a time after Germany had invaded Norway. You haven't said anything about that.

DR. SIEMERS: Your Honor, I wanted to avoid dealing with each document separately, because I believed that I might treat them generally. However, in this specific case --

THE PRESIDENT: I don't want you to deal with each document separately. I thought you were dealing with document 99. If you can deal with them in groups, by all means do so. However, you are taking up a great deal of the Tribunal's time.

DR. SIEMERS: In this document number 99 we are concerned with the meeting of the Combined Cabinet Council on the 27th of April, the leadership between England and France. Indubitably the heading shows that it was after the occupation of Norway. However, that is only a formal objection.

The contents of the document show that at this session the participants discussed the happenings before the period of the occupation, and at this session the most essential leaders of the Allies took part.

Present were Chamberlain, Halifax, Churchill, Sir Samuel Hoare, Sir Alexander Cadogan, and so forth.

H0120 - 0059

Also present were Renaud, Gabelin, Darlan, Daladier, and these gentlemen discussed the previous plan that I admit had misfired through German occupation of Norway. But they did discuss the matter of how the iron-ore deposits in Sweden should have come into the hands of the Allies and now what was to be done to prevent there being used by Germany, and how it could be brought about that these iron-ore deposits could be destroyed. I believe, therefore, that even though formally, the period of time was later the trend of thought I have just pictured is of significance.

Then we turn to Document 100. This deals with the session of the French War Cabinet, of the 9th of April, 1940. And the same problem is dealt with here, that the planning on the part of the Allies was then what should be done since the report had just come in about an action on the part of Germany.

Documents 101 to 107 have already been dealt with.

Document 110, the same applies as to 101 to 107.

Document 112 is a document in which it is pointed out that Churchill already in May 1940 expected an intervention on the part of America.

In connection with the accusation made against Raeder, that in the Spring of 1941 he was instrumental in bringing about a war against the U.S.A., through Japan, I want to say this document is of the utmost importance to me. I will leave this matter to the Prosecution and to the High Tribunal.

The next group consists of documents which had been turned down in the case of Ribbentrop. I should like to point out that I have not had the opportunityin the Ribbentrop case to define my position as far as justification is concerned. Therefore, in summary I would like to say that these documents were refused Ribbentrop.

THE PRESIDENT: We have already carefully considered the arguments and decided those documents were inadmissible.

DR. SIEMERS: I have believed, your Honor, that the decision applied only to the Ribbentrop case, for the point of view would be different. It is a different case. The accusation is leveled against

H0120 - 0060

Raeder, referring to Document C-152, that Raeder was responsible for the occupation of Greece. That is an accusation that was not made against Ribbentrop. How can I contradict this accusation if these documents are not granted?

THE PRESIDENT: But the Tribunal know the documents and know the charges against Raeder, and they don't desire to hear any further argument on it. They will consider the matter.

DR. SIEMERS: I beg the pardon of the High Tribunal. Under these circumstances I am compelled to compare whether our documents were covered in Ribbentrop's case. According to my notes, as I told the Prosecution this morning, they do not agree. Perhaps after the session I might point out that the documents are not exactly identical.

As a matter of fact, the documents in Ribbentrop's case are not used in their entirety. That is, the High Tribunal does not know the documents in their entirety. Whether Dr. Horn was using exactly the same excerpts I wish to use, I am not able to say at this point. I know only that in the large majority the reproduction of the document is not complete in Dr. Horn's case, because his case is different, as he was interested--

THE PRESIDENT: Presumably you have submitted your extracts to the Prosecution. The Prosecution tell us those extracts are the same ones that were rejected in Ribbentrop's case.

SIR DAVID MAXWELL-FYFE: My Lord, we have only a list of those documents so far. We haven't seen the extracts.

(Brief consultation between Sir David and an associate.)

My Lord, I am sorry. I spoke too quickly. We have seen the extracts in German and we haven't had them translated. We did the best we could in German.

THE PRESIDENT: Twenty-four and 25, at any rate, are speeches in English.

SIR DAVID MAXWELL-FYFE: Yes, my Lord, some of them are. I am sorry, my Lord; these ones are.

THE PRESIDENT: Sir David, as I understand it, Dr.Siemers says these are not the same passages of evidence, or suggested evidence, as

H0120-0061

were rejected in Ribbentrop's case.

SIR DAVID MAXWELL-FYFE: My Lord, I didn't do the actual checking myself, but Major Barrington who checked

H0120-0062

the Ribbentrop documents went through these and compared the two, and he gave me that which forms the basis of our note. That is the position. I can't tell your Lordship that I have actually checked these myself.

THE PRESIDENT: Dr. Siemers tells us that is not correct.

SIR DAVID MAXWELL-FYFE: As I understood Dr. Siemers, he was saying he didn't know whether they were the same extracts--

DR. SIEMERS: May I just make one remark in connection with that, please? I am not exactly certain that I can say in each specific case which extracts were contained in the Ribbentrop case, but that some of them do not agree -- I know for certain that they do not agree, and I know that in order to alleviate the labor of the translating department I compared them and in a very few cases, in which agreement did take place, I told the translation division that such documents were identical, because I did not want them translated a second time. But I am sorry to say a large number of the documents were not the same, but they were different because of the point of view.

I would also like to point out that the numbers under Group D which are enumerated here as Ribbentrop documents 29, 51, 56, 57, 60, 61, 62, despite my every effort, cannot be found in the Ribbentrop document book, and the list does not show which numbers s ould be those in the Ribbentrop case.

SIR DAVID MAXWELL-FYFE: My Lord, it is suggested that those in the same series deal with the same subject. That is the question of Greece and the Balkans, and these documents the Tribunal ruled upon in the case of Ribbentrop.

THE PRESIDENT: Well, Dr. Siemers, I think the best course would be for you to go through these documents this afternoon under the heading C and find out whether they are the same ones rejected in Ribbentrop's case, and if they are not, indicate exactly in what they differ from the documents rejected in Ribbentrop's case, to show they have some relevance to your case, and we shall expect to have that by five o'clock.

H0120 - 0063

Now, will you go on with the others.

DR. SIEMERS: May I perhaps say one word to what Sir David said regarding group "D"? There was no objection because they were already mentioned in Ribbentrop's case, but only because they deal with the same subject matter -- yes, the same subject matter is dealt with, and that is Greece, but I cannot say more than what I have said.

The Prosecution in C-152 accuses the defendant Raeder that he had worked for the occupation of all of Greece. In connection with the note of three lines, I can only make use of this if I may bring my Greek documents and if they are not turned down because, generally, in Ribbentrop's case the Greek documents were turned down.

Now, we turn to the document contained in the group "E", which begins with document 26. The same applies as I have already set out to the documents 101 through 107. The attacks planned by the Allies on the oil regions in neutral Roumania and in the neutral Caucasus, as I would like to just say parenthetically, have already been dealt with in this proceeding. The High Tribunal will remember that in referring to the diary of Jodl, I asked Goering in his cross-examination, and he already testified as to the reports received by Germany, and pages 36 and 38 dealing with it gave testimony on this point; and this testimony is only concerned with the subjective side, that is the knowledge in the hands of Germany. I must prove that the objective side, that is the plans, are in accord with the subjective side, and my documents here are to serve this purpose. Document 26, 30 to 32, 36, 37, 39, 40 until 44, then number 99, which I have already dealt with, which seems to be here in duplicate, 101; 110 seems to be a duplicate, also.

Then I am turning to group 6, which is allegedly irrelevant regarding the attack on Norway. I have already set forth my basic principles and I beg the High Tribunal not to strike these documents. If I am not granted these documents, I am simply not in a positionto carry on my case in a reasonable manner without telling everything myself. I can only carry on the proof about the question of such importance if I have documents at my disposal, the same way as the Prosecution. But, if all of my documents, in fact, on this phase are stricken and taken from me, then I do not know how I shall treat this complex, and I believe that the High Tribunal will wish

H0120 - 0064

to assist me in this matter. I am requesting them especially for the following reasons: When I gave my reasons for wanting evidence, I made the motion that the files of the British Admiralty be brought in, which dealt with the preparations and planning regarding Scandinavia, that is in Norway. Sir David did not object at that time, but said only that he would have to consult the British Admiralty. The High Tribunal decided in accordance with my motion and granted my motion. In the meantime, the British Admiralty has reprieved it, and I assume that Sir David agrees with me. May I give the answer which has been put at my disposal? This answer is as follows: May I just make a preliminary remark?

THE PRESIDENT: We have had the answer, I think, have we not? We have had the answer and transmitted it to you.

DR. SIEMERS: Very well. Thank you very much.

From this reply we may see that the files will not be submitted. Therefore, even though I have the approval, I cannot do anything with it. Further, we can see that certain facts, which are essential to myevidence, are admitted by the British Admiralty, but, unfortunately, I do not have the possibility to prove my case through documents. Since I am unable to make use of this evidence, at least please grant me the other possibility of presenting evidence, that is the documents contained in the German White Books. Those are recognized documents. In all cases they are facsimiles, but these matters may be checked and investigated and I believe--

THE PRESIDENT: Dr. Siemers, we are dealing with your application for particular documents. We are not dealing with any general argument or general criticisms that you have to make. We are only hearing you in answer to certain objections on behalf of the British Prosecution.

DR. SIEMERS: Your Honor, if I am not quite mistaken, in which case please correct me, Sir David, under the heading "F", which contains many documents, 59 to 91, with just a few exceptions, defined his position to these documents in general, and not each document separately. I will refer to each document separately, if you wish, but, in fact, I will have to say the same thing to practically each document and ask only that I be granted these documents en toto, for I cannot make much headway without these documents.

H0120 - 0065

THE PRESIDENT: You were not referring to these documents. You were referring to the fact that the British Admiralty was not prepared to disclose its files to you. It has nothing to do with these documents at all.

DR. DIEMERS: I believe I have been misunderstood, Your Honor. Previously, I set forth very clearly why I need these documents for the carrying on of evidence regarding the Norway action but, beyond that I said, if these documents are not granted me, then I cannot carry on my case and I cannot defend my case. But I did ask the High Tribunal to take into consideration that the documents from London, which I had planned on, are not at my disposal, and I do not know why the request, which I submitted to the Tribunal in setting forth my reasons, is held against me by the High Tribunal.

THE PRESIDENT: Is that all you have to say?

DR. SIEMERS: I have concluded then, Your Honor. I may say only that it is not my intention at all to submit these documents in their entirety or read them in their entirety, but I wish to say that, if I am granted these documents, I can carry on my case much more easily and expeditiously, for these groups of documents show development in periods of time and the plans that were going on at that time. If I have a certain number of documents, I do not have to read each one; but, if I am just granted one document, I will be put in an extremely difficult position and will have to be more circumstantial which, if I can just refer to these documents --

THE PRESIDENT: The Tribunal will consider it.

Now, Dr. Dix.

HJALMAR SCHACHT -- resumed.

DIRECT EXAMINATION -- continued.

BY DR. DIX (Counsel for defendant Schacht):

Q Now, we will turn rather generally to the question of your alleged co-knowledge as to the direct war objectives of Hitler. You rather skimmed the fact that Hitler never mentioned war to you. Do you have anything to add to this original statement?

A No.

Q You, also, rather skimmed the question of the sincerity of his peaceful intentions and his intention to disarm.

H0120-0066

A No, I always believed in that from the beginning.

Q And now, about the various members of the cabinet, how was their attitude? Did the various members of the cabinet speak to you about their intent about the war?

A Never from any of these gentlemen, my fellow colleagues in the cabinet, did I ever hear anything that would point to the fact that anyone had the intention or would hail the fact if Germany would start a war.

Q Now, we will turn to your own attitude towards the war. You rather generally have indicated your position when you told us your ideology as a pacifist. I believe, therefore, it is more expedient if I refer to my document book and read an extract, and read the voice of a third party, a party who knows you very well, that is the former member of the Reichsbank directorate, Mr. Huelse. It is the document book Schacht 37-C, page 160 of the German text, and 168 of the English text. It is an affidavit. And there, beginning with paragraph 2, Huelse says:

"I recall several occasional talks with Dr. Schacht during the years 1935 to 1939 concerning war and armament. During these talks he always expressed his aversion toward any war and any war-like conduct. He represented the firm viewpoint that a war would bring even the winner only disadvantages and that a new European war would on the whole be a crime against culture and humanity. He hoped for Germany for a long period of peace whichshe needed more than other countries in order to improve and stabilize its unstable economic situation.

"To my knowledge until early in 1938, Dr. Schacht in meetings of the Reich Bank Board of Directors and in private conversations on the subject of armament spoke only of defense measures. I believe I can recall that he told me in the middle of the year 1938 that Hitler's provocative measures against Austria and the Sudeten country would from the military standpoint have been worse then thoughtless. He said that Germany had undertaken only a defensive armament plan, which was to serve as a defense against an attack by a larger power, but Hitler would really not have to count on that. Probably he had never heard that the Wehrmacht was suitable or armed for a war of attack.

H0120 - 0067

"When the war did break out and expanded more and more, he repeatedly said that he had erred in his judgment of the personality of Hitler; that he had hoped for long that Hitler would actually develop into a statesman who, after the experiences of the first World War, would avoid each and every war."

You, also, rather briefly touched the question of an annexation of Austria. Now, please give me your concrete statement to the actual Anschluss which took place and tell me about the manner and the attitude you took about the manner in which the Anschluss took place.

A The fact that this Anschluss would come in time, all Germans knew that, and the Austrians did, too, and the various political negotiations which had taken place between Hitler, Schuschnigg, and so forth, pro and con, but, naturally, I was not advised about these negotiations, neither were the other ministers of the cabinet, with the exception of Goering andvon Ribbentrop, and, perhaps, one or two more. The actual Anschluss in March was a complete surprise to us. I do not mean the fact of the Anschluss, but I mean the date. It was a complete surprise, as I said, and I and my acquaintances were not prepared for this.

Q How did you judge the manner and the phase of the Anschluss?

H0120-0068

A. I believe as far as the form and the manner is concerned, I can say that the things that I have heard subsequently and also in these proceedings are not entirely gladsome, but I believe the fact of the Anschluss had very little practical influence. The whole thing was more or less of a demonstration to the outside world, as, perhaps, the marching into the Rhineland, but as far as the actual turn of events was concerned, the marching in of the troops was more or less of a solemn reception.

Q. The Prosecution contends that in March, 1938 the relationship between the schilling and the mark was regulated by you in the case of an Anschluss, and the Prosecution, I am sure, wants to prove that you had previous knowledge of this step of the Anschluss. Will you please tell us your position.

A. The facts to which the Prosecution refer are in the report of Oberstleutnant Zimmermann. On the 11th, in the afternoon about three o'clock, I believe I recall that, but I can not say whether it was by telephone or personally, that some lieutenant -- it may have been Heilemann -- inquired from me how the means of purchasing power for the troops would be regulated if German troops should march into Austria.. He was interested in the currency problem. He wanted to know whether there were to be certain regulations in this regard, and I told him that, of course everything had to be paid for, that anything the troops bought would have to be paid for by them, and that the rate of exchange, if they paid in schillings rather than in marks, would be one mark as against two schillings. That was the rate which prevailed at the time. It had been fairly stable, and that was the active rate of exchange between the schilling and the mark.

The fact that in the afternoon of the 11th I was approached on this matter is the best proof that I had no prior knowledge of these matters.

Q. The Prosecution further accuses you that in your speech after the marching in of the troops you gave a National Socialist speech, used National Socialist phraseology and hailed the Anschluss. Perhaps we can use this opportunity to save time and to really define our position to the repeated accusation by the Prosecution that in speeches you used a tone of which it might perhaps be said that it was tinged with National Socialist phraseology.

H0120 - 0069

That is something of which you have been accused. Will you please define your position and give reasons for your attitude?

A. If I did so in the first few years, I did so only in order to remind the Party and the people of the original Party program, to which the behavior of the Party dignitaries was in sharp opposition. I also tried to prove that the basic facts which I maintained in many political things agreed completely with the basic facts of the National Socialist program and were indicated in the wording of the program. That is equal rights for all, dignity of the individual, admiration for the church and so forth.

In the later years, however, I repeatedly used National Socialist phraseology, for, beginning with my speech at Koenigsberg, the antipathy between my opinions and Hitler's was entirely clear as far as the Party was concerned, and slowly I received the reputation among the Party as an enemy of the Party; that is, I was considered a man who had an opinion contrary to that of the Party. From that moment on, the possibility of my existence was endangered and in such moments when I saw my life, my freedom and my activity especially threatened, I laid a special emphasis on National Socialist phraseology to show that I wanted to remain in the sphere of the Party and of politics and that I wanted to cooperate with this policy in order to protect myself against these attacks.

Q. Therefore, to remind you of Gisevius and his word that you used certain methods. I am not completely familiar with them. May I read a brief extract in this connection from the affidavit of Schwiewind which has been quoted repeatedly. It is Exhibit No. 34. I have repeatedly indicated this page. It is German page 118, and 126 of the English text. It is quite brief. Schwiewind says:

"If Schahct on the other hand occasionally made statements which could be construed as more intensive identifiaction with the Hitler regime, then these statements were naturally known to us, but what Schacht thought in reality was known by almost every official in the Reichsbank and in the Reich Ministry for Economics. Above all, of course, by his closest co-workers.

"On several occasions we asked Dr. Schacht if he had not gone too far in

H0120-0070

those statements. He always replied that he was so strongly under fire from the Party and the SS that he could camouflage himself only with strong slogans and statements."

Now, as clarification, I would like to say that Schwiewind was a high official at the Ministry of Economics and worked directly under Schacht and with him.

The Prosecution has also referred to an affidavit by Tilly to the effect that you admitted that you thought Hitler capable of the intention of attack. Will you please tell us about that?

A. That affidavit of the British Major Tilly is entirely correct. I talked with Sir Tilly in preliminary interrogations, and I told him that in the year 1938, in the course of the events of the Fritsch affair and during the sunsequent time, I had reached the conviction that Hitler would not wish to avoid a war at all costs and that possibly he might seek to bring about a war, and I contemplated a series of statements by Hitler and asked myself the reason why Hitler in the course of the years had reached a conviction of this sort, that he might not avoid a war.

And for the reason which I found for this conviction, I told Major Tilly my impression. My impression in fact was that Hitler had fallen into the role of each and every dictator who did not wish to resign in time from his seat of power -- that he must of necessity be ready to bring a certain amount of victory to his people, and I figured that that was the development of thought that took place in Hitler.

Q. Then, does the same explanation given about Napoleon by Count Metternich apply?

A. Yes.

Q. In parentheses and in passing, that first suspicion came to you with the Fritsch affair. The witness Gisevius has described the Fritsch affair at length to the Tribunal. We do not wish to repeat anything. Therefore, I am asking you to testify in the case of the Fritsch affair only as to those points over and above the testimony of Gisevius or those which differ.

DR. DIX: If that would take a considerable period of time, -- of course

H0120-0071

I can not judge that -- then I might perhaps suggest that we have our recess now, if the High Tribunal wishes.

A. I have just a brief remark.

DR. DIX: It is a brief remark. May he answer the question briefly?

THE PRESIDENT: Yes, if he can do it briefly, we had better have it not.

A. It is just a single remark that I have to add. The picture given by Gisevius about the happenings of the Fritsch affair is, in my knowledge and my experience with the matter, completely correct in each and every detail. I have nothing to add. I can only confirm the report given by Gisevius, but on the other hand I would like to refer to one speech of Hitler which he made on 20 February 1938 in the Reichstag. On that occasion, he made a remark which even at that time aroused my attention. He said -- and I quote this speech according to "Die Dokumente Der Deutschen Politik", which was available:

"The changes in the Reich Cabinet and in military administration from 4 February --" That is these changes which were made subsequent to the Fritsch affair -- "realized the strengthening of the military means to power and were to reach those military means of power, which the general times may indicate today."

This remark strengthened my opinion that from now on, we would see a turning point from a peaceful to a military policy on Hitler's part, and I did not wish to avoid making reference to this so that I might complete the picture given by Gisevius.

DR. DIX: This is exhibit Number 28 of my document book, page 81 of the English text, page 74 of the German text. That is where you will find this passage.

THE PRESIDENT: Very well, we will adjourn now for ten minutes.

(A recess was taken)

H0120 - 0072

BY DR. DIX: (Counsel for Defendant Schacht)

Q Several meetings have been discussed here, during which Hitler spoke about his intention to wage a war. By either speaking directly or indirectly did you participate in any such meetings?

A No,not in a single one.

Q You have stated that there was a difference of opinion between you and Hitler. Did you not say so or did you follow Hitler's instructions at all times and can you in particular refer to your actual attitude for instance to the Jewish, Church Gestapo, Free Masons and other such questions?

A May I first of all say that Hitler never gave me an order, or any instructions, which were against my convictions and that I have not done anything either which was against my convictions. That from the beginning to Hitler personally I spoke my convictions and not only to my circle of friends and in the party circles, but before the entire public I spoke of my own convictions and I never concealed my views.

Regarding the question you have just mentioned, I have already stated that soon after the cleaning-out action of the party on June 30th, I pointed out to Hitler that his actions were illegal.

I would further like to refer to a document, which unfortunately has only been presented by the Prosecution in half, which is a written report made by me on May 3, 1935, when I handed it to Hitler personally. The reason why I remember the date so exactly is because it came during a trial run of the Lloyd Steamer Scharnhorst, during which Hitler and I were both present.

On that day, I handed him two memorandums which were inter-connected and formed a sort of unit. Half concerned the fact that the wild and continuous collections made by various organizations of the party were to be stopped.

I wanted them to be stopped, as it appeared to me that the money was not being used for the purposes of the party, particularly for institutions and the building up of the party, but that the money was needed by us urgently for the expenses of the state, which had to of course include rearmament.

The second half of that Document dealt with the culture questions. The defense and I have made efforts for months to procure that second half of the Document from the Prosecution since the first half of the Document was submitted as evidence to this Tribunal. It has been impossible to obtain that second half. I must therefore confine myself to reiterating the contents.

I want to say, to begin with, that all such statements regarding the erroneous cultural and legal stand of the party and of Hitler could only be raised by me by giving as a reason my sphere of influence. I stated therefore that my foreign policy was mot seriously being damaged through the illegal and inhuman cultural and illegal policy as it was being carried out by Hitler. I pointed to the hostile attitude to the churches and in particular to the illegal treatment of the Jews. Furthermore I referred to the absolute illegal and willful handling of the actions of the Gestapo regime. I remember in that connection, I referred to the British Habeas Corpus Act, which for centuries in the past had been protecting the rights of the individuals and I expressed the fact that this wilfull attitude in the Gestapo was considered be me to be despicable before the entire world.

These were my very words handed to Hitler when we were present at the trial run of the Lloyd Steamer Scharnhorst. Immediately after he read it, he called me to him and tried to quiet me down by making a statement similar to those which he made in July of 1934 when he told me these were temporary symptons of Revolutionary developments and that as time went by this would indeed sort itself out and disappear.

H0120 - 0073

H0120 - 0074

The events of July had put me wise, however, and consequently I did not accept the explanations or become calm. A few weeks afterward, on the 18th of August, 1935, I used to visit to the Eastern Exhibition at Koenigsberg to mention in the speech which I had to make those very things.

With extreme clarity I raised the same objection which I had raised before Hitler aboard the Scharnhorst at the beginning of May.

In this connection I didn't only talk about the question of churches or the question of the Jews or the question of wilful actions. I also talked about the Free Masons, and I quote only a few sentences from that speech, with the permissio of the Tribunal. They are very short. I am speaking about people, and I now quote-

Q Just one moment. I want to tell the Tribunal that this is the Koenigsberg speech, which I have submitted to the Tribunal this morning.

A I am talking about people in this connection, and i now quote:

"People who in the dark of nights are smearing letters on windows, who brand every German who trades in a Jewish store as a traitor, who condemn every former Free Mason as a bum, and who, in the just fight against priests and ministers who talk politics from the pulpit, cannot themselves distinguish between religion and misuse of the pulpit." End of Quotation, and then another sentence. I quote:

"As before, according to the legal state of affairs and on the strength of various declarations made by the Deputy of the Fuehrer, the Reich Minister of the Interior, and the Reich Minister for public Enlightenment and Propaganda (not to mention the Ministry of Economics), Jewish businesses have been permitted to carry on their business activities."

End of quotation, and then in the last sentences I quote:

"No one in Germany is deprived of his rights. According to Point 4 of the National Socialist Party program, the Jew can neither become a citizen or a fellow German. But Point 5 provides legislation for him That means he must not be under arbitrary action, but under the law."

That same attitude was shown by me on every other occasion that offered itself in the future.

Q Dr. Schacht, did the regime allow you to make that speech?

A It is a good thing that you are reminding me, because in the course of the statements made by Gesevius with reference to the speech of von Papen, the same question was discussed, since up to then my speeches weren't subjected to being

H0120-0075

censored, something which I wouldn't have stood for.

This speech, shall we say, by mistake went through the German Broadcasting Station. In that way Propaganda Minister Goebbels got knowledge of the speech, and at once he issued an order prohibiting the publication of that speech in the papers. As a result, although the speech went over the broadcasting station, it did not appear in any newspaper. Since the Reichsbank, fortunately, had printing arrangements of its own, which were of course not subject to censorship, I had the speech printed in the Reichsbank printing shop; and 250,000 copies of it were distributed to the 400 branches of the Reichsbank in the country, thus going to every corner of the Reich. In that manner it became known to the entire population.

Q You were going to continue, weren't you?

A Yes, I wanted to go on by saying that on every opportunity, which I was, in fact, looking for, I again and again referred to those points. I should only like to touch upon two things in this connection.

This morning I mentioned the letter written by me on the 24th of December 193; written by me to the Reich Minister of War, and in that connection I referred to these matters. I should only like to add the words, which I shall now quote. I quote: "The economic and illegal political treatment of the Jews, the anti-church activities of certain Party organizations, and the legal arbitrariness associated with the Gestapo form a detriment," and so on and so forth, "to my task."

On the 12th of May 1936, there is a record of the so-called "small Ministerial Council," which has been used as evidence by the Prosecution and submitted to the Tribunal. That shows once more the same attitude. I quote from that record in which it says:

"Dr Schacht, in addition, emphasized quite openly again and again that a cultural and legal policy would have to be pursued which would leave the economic system alone." End of quotation.

I want to remark on this, of course, that I, as Minister of Economy, did always use my legitimate arguments in that capacity.

And now the last example of a type of which there are many more which I can't furnish today. There is a speech on the occasion of the celebration of handicraft apprentices, within the Berlin Chamber of Handicraft, which took place on the 11th of May 1937. On that occasion I said the following, and I quote:

"No community and most of all no State, can flourish which is not based on

H0120-0076

legality, order and discipline." End of quotation.

And a second sentence, I quote:

" For that reason you must not only respect the right and the law, but you must act against injustice and lack of legal actions everywhere, wherever you meet it." End of quotation.

In that way, and because that attitude was always not only made known to a smaller circle, but because I without any fear and on every opportunity made known these views publicly, it brought the result that a few weeks ago the chief of the RSHA Department III, Security Service, witness Ohlendorf, upon being asked described me as an enemy of the Party, at least since 1937 or 1938.

I believe that the chief of the Security Service, Department Inland, must have known, since he had the task of combatting any political opponents.

DR. DIX: May I point out that the statements made during the meeting of the Small Cabinet Council, the 12th of May 1936, are contained in my document book, "Schacht," Exhibit Number 20; page 47 of the English Text, page 51 of the German text.

As far as Schacht's speech before the Industrial and Commercial Chamber is concerned--Handicraft Chamber, rather --

THE WITNESS: You should have said the Chamber of Handicraft.

DR. DIX: --that is something I shall refer to later when I file the proper document, and I now continue.

H0120-0077

BY DR. DIX:

Q We have talked about your participation in the Party Rallies, and I should merely like to ask you: Did you participate in any other Party functions?

A I do not remember that I have participated in any other functions of the Party.

Q The Indictment contains, literally, the following sentence. You are being accused that you had used your personal influence and your close connections to the Fuehrer for the purpose which we all know. Did you, after you had made all your experiences, did you have any influence upon the Fuehrer?

A I myself, as far as any influence on the Fuehrer's actions and decisions are concerned, can say that, unfortunately, I have never had any such influence. I have only had any such influence in so far as he consulted me in my special capacity as financial and economic expert, and he didn't wish to disturb me. Apart from that, the lack of influence on the part of all members of Hitler's entourage has been mentioned by various witness. So much has been saidiabout it that I think I need not trouble the Tribunal with any further statements on that subject.

Q The last thing you have mentioned applies in principle to the question of who had influence, the question of the influence of the Reich Cabinet, to the question regarding the meetings of the Reich Cabinet, and so on and so forth. Various witnesses have made statements on that subject, but have you got anything new to add?

A I can only add, speaking generally, that the Cabinet in the Reich didn't have the least influence on Hitler, and that since November 1937 -- this has been stated repeatedly in this Court room -- there were no meetings and no consultations of the Cabinet.

H0120-0078

The Reich Cabinet was a group not in any way inter-connected. It was politically impotent and its ministers were of course perfectly capable in that sphere.

DR. DIX: I now come to the number of the speech before that chamber of handicraft workers. It is Exhibit No. 30, page 69 in the English text and page 82 of the German text.

BY DR. DIX:

Q Mr. Schacht, what was the situation regarding rearmament? Whose will was decisive regarding the degree of rearmament?

A I have no clues as far as that is concerned but I have no doubt that Hitler's will only was the decisive factor.

Q That is to say, that you had no influence other than that of the credit giver and money lender?

A Within my jurisdiction and as long as I administered my sphere, I had done nothing at all which I would not assume responsibility for.

Q Did you speak to representative foreigners about your lack of influence regarding Hitler? In this connection, I remind you of a conversation you had with Ambassador Bullitt in 1937.

A That conversation with Ambassador Bullitt has been mentioned in some other connection before and the memorandum of Ambassador Bullitt is available as an exhibit which was presented to the Tribunal by the prosecution. I merely refer to the sentence which refers to me and I quote: "He" -- that is to say, Schacht -- "introduced his statements with the words that he today was himself without any influence upon the man" -- that is to say, Hitler. "He appeared to consider himself as finished politically and appeared to have little respect for the man." That, as I said, was in November, 1937, but if I may have permission to add this, I want to point out that in my position and my activities in the directing of public affairs in Germany, I continuously informed my friends abroad -- and upon some later occasion, one or the other example which I shall quote, will prove it.

DR. DIX: I now draw your attention to Exhibit No. 22, page 44 of the English text.

H0120 - 0079

BY DR. DIX:

Q And now special questions regarding your position as Minister of Economy. You have made statements regarding the obtaining of foreign raw materials or you have quoted corresponding passages. Couldn't there be replacements from sources in the Reich?

A A portion of such raw materials could certainly be replaced by inland products. We have learned in the meantime about a large number of new materials which we didn't know before.

Q Please be brief.

A Yes, synthetically produced, but a considerable part could not be replaced in that manner and could only be obtained through foreign trade channels.

Q And what was your attitude towards the question of autharchy?

A It was my view that if with reasonable expenses, that is to say, without undue expenditures which would have been a waste of German public property and German work, certain synthetic materials could be produced in Germany, then one should do so but that apart from that, the main tendency of foreign trade was advisable for economic reasons and was an absolute necessity and that it was an even more outstanding necessity, that for reasons of international cultural exchanges and the living together amongst the nations and isolation of the nations was always considered as a considerable misfortune by me just as I have always regarded commerce as one of the means of bringing about an international understanding.

Q Who was the exponent of the thought of autharchy?

A As far as I know, the whole idea which expressed itself in the Four Year Plan was always originating from Hitler and after the task of heading the Four Year Plan had been given to Goering, Goering, too, of course, represented that line of thought.

Q Did you express your views before Goering and Hitler?

A I think it becomes clear from the record that I have done so on every opportunity.

Q One question as an "aside". You remember that Goering explained in this courtroom, or what Goering stated in this courtroom --- I remind you

H0120 - 0080

of the time when Goering shouted in the courtroom "I should like to know where the 'No men' are;" and I want to ask you whether you claim to have the honorable title of the "No man" opposed to "Yes man," and you probably remember in that connection whatever you said to Goering in November 1942.

A On every opportunity when I was no longer in a position to do things corresponding to my inner-conviction, I did say "no." Continuous misdeeds committed by the Party were not suffered in silence by me. I turned against them on every occasion both personally, officially and publicly. I said "no" to all those things. I blocked credits. I opposed the rearmament. I talked against the war and I took steps to prevent the war. I would not know to whom else that title of the "No man" could be allotted if it isn't I.

Q Didn't you swear an oath of allegiance to Hitler?

A I did not swear an oath of allegiance to a certain Mr. Adolf Hitler. I swore allegiance to Adolf Hitler as the head of the State, the head of the German nation, just as I had not sworn allegiance to the Kaiser or to President Ebert or to President Hindenburg; except in that capacity of the head of the state, I did not swear an oath of allegiance to Adolf Hitler. The oath of allegiance which I did swear to, to the head of the German state, does not apply to the person of the head of the state; it applied to what he represents, the German nation. Perhaps I might add one thing in this connection. I consider that you cannot give an oath of allegiance to one who commits perjury and Hitler has turned out to be a perjurer in hundreds of cases.

Q Goering has made extremely detailed explanations regarding the Four Year Plan and its origin, and its preparation, and so on and so forth, and I would like you to tell us what were the consequences you drew from the prophecies which existed in this connection. Please, will you briefly tell us whether you have anything to add to Goering's statements or do you divert in your memory?

A I gather from Goering's statements that he has described conditions perfectly correctly and I myself have nothing at all to add unless you have anything special in mind.

H0120-0081

Q When did Hitler recognize, as far as you know and according to the impression you gathered, that you were an obstacle in the way of a speedy and complete rearmament. Did he recognize your economic arguments? Was he satisfied with your policy or not?

A At that time, in 1936, when in September the Four Year Plan was introduced, I could not recognize which inner attitude Hitler had as far as I was concerned, as far as these economic political questions were concerned. I want to say that his general disgust against me existed--this was in a speedh at Koenigsberg in August 1935; it was an established fact. His attitude regarding my economic political activities was something which in 1936, I could not tell for certain, because I had not in any way participated in the preparation of the Four Year Plan but had received it as a surprise during the Party meeting and because we, quite unexpectedly, found that Hermann Goering was put at the head of the Four Year Plan and not the Minister of the Economy, something which I also learned during the Party meeting in September 1936, and because of those facts which I have just mentioned, it became clear to me that Hitler, as far as economic policy was concerned, did not have the amount of confidence inme which he thought necessary. Afterwards, here in this prison, my fellow defendant Speer showed me a memorandum which defendant Speer received from Hitler on the special occasion of his being appointed as Minister of Economy and which, curiously enough, did deal with the Four Year Plan and my activities in great detail, and which was dated August 1936. In August 1936, Hitler therefore with his own hand dictated this memorandum which now, during my imprisonment, fellow defendant Speer showed to me in prison, and I presume that I may have permission to read a few brief quotations from it.

H0120-0082

DR. DIX: I just want to give an explanation to the Tribunal. This memorandum was kindly placed at our disposal through the agency of the Prosecution. We received it from the camp commandant. We then handed it in for translation so that we could submit it now, but the translation has not yet been completed. I shall submit the entire memorandum under a new exhibit number when I receive it.

THE PRESIDENT: Has any application been made in respect of it?

DR. DIX: No application has been made.

THE PRESIDENT: Which memorandum? Who drew it up?

DR. DIX: It is a memorandum of Hitler's. It is Hitler's memorandum of the year of 1936, three copies of which exist, and one of them was found in the camp "Dustbin". That copy was only received here a fortnight or three weeks ago, after our document book had been discussed with the Prosecution, and I intended to submit that memorandum and its translation today and at the same time ask your permission to submit it in evidence, but unfortunately I am not in a position to do so since the translation has not yet been completed. My colleague, Professor Kraus, was even told that it has been mislaid.

THE PRESIDENT: Dr. Dix, let the defendant go on, and you can submit the document in evidence and a translation afterwards.

DR. DIX: Very well. The defendant has a copy and he will quote the most important, very brief, passages.

THE WITNESS: I can quote very brief passages. Hitler says in the memorandum, amongst other things, and I quote:

"It is not the task of the State political economic institutions to wrack their brains about methods of production. This does not concern the Ministry of Economy."

The Ministry of Economy was, of course, under me, and this therefore an accusation against me.

A further quotation:

"It is furthermore essential that iron production in Germany should be increased to the extreme. The objection that we are not in a position to produce cheap raw iron from German ore, which has only 26 per cent of iron

H0120 - 0083

content, similar to the 25 per cent Swedish ores, is without foundation. The objection that in this case the entire German smelting works would have to be reconstructed is also irrelevant, and most of all, this is none of the business of the Ministry of Economy."

As transpires from the statement, I had explained that 26 per cent ore would only allow production of steel with very much higher expense in comparison to 45 per cent ore, and I had further explained that in order to use 26 per cent ore, one would have to have completely different plants that one would use for the use of 45 per cent ore. Hitler states that this none of the business of the Ministry of Economy, and that, of course, means Mr. Schacht.

There is one last, very brief quotation. I quote:

"I want to emphasize in this connection that I consider these tasks the only economic mobilization which exists, and that I do not consider the curtailing of the armament industry as any such possibility."

That statement, too, is, of course, made against me.

BY DR. DIX:

Q. We have now reached the stage of tension and controversy between you and Goering, the contention between you and Hitler regarding your conduct of business as Minister of Economy. What was the state of affairs regarding your views at the time, and regarding the intention of resigning as Minister? What was the possibility of your resignation?

Please don't repeat in this connection anything that Lammers and other witnesses have already told you regarding the impossibility of resigning. Please talk only about your own special case and what your yourself did.

A. First of all, I tried to continue my own exonomic policy, although Goering had been given the task of running the Four-Year Plan and did, of course, as months went by, take over as many ecnnomic-political tasks as possible. But at the first opportunity when Goering infringed on my rights as Minister of Economy, I tried to force my release from the Ministry of Economy. That was in the beginning of August 1937.

H0120 - 0084

I gave Hitler very brief reasons for my action by saying, "If I have to assume responsibility for economic policy, then I must have command. If, on the other hand, I do not have command, then I do not wish to have to assume responsibility."

The fight for my resignation, fought by me quite often with very drastic measures, lasted approximately two and a half months, until eventually Hitler had to decide, in order to prevent an increase in the conflict and prevent it from becoming public, that he would have to grant me the right to resign.

H0120 - 0085

Q When you say "drastic measures", do you mean the so-called sit-down strike?

A Yes.

DR. DIX: May I, in that connection, submit to the Tribunal Exhibit No. 40 of my document book, which is an affidavit from another officer of Dr. Schacht's in the Reichministry of Economy, Dr. Asmis. In the English edition it is page 180, and I shall only quote a brief passage from this long affidavit. I quote:

"When this was unsuccessful" — it means his fight —"and when developments continued in the sphere which he considered wrong, he" — Schacht — "in autumn 1937, long before the beginning of the war and as an upright man, drew the consequences and applied to be released from his office as Reichminister of Economy, and thus his co-responsibility.

"A normal resignation was apparently not possible for him in this connection, since for reasons of prestige the Party required the use of his name. Consequently, in autumn of 1937, he simply remained away from the rooms of the Ministry for several weeks. He started this sit-down strike, as it was called as a joke in the Ministry, and went in an official capacity only to the Reichsbank."

THE PRESIDENT: Dr. Dix, is it necessary to trouble the Tribunal with all this detail? There is no dispute that he did resign and the only thing that he has got to explain is why he continued to be a Minister. The Prosecution have given their evidence about his resignation and about the conflict between him and the defendant Goering. What is the good of going into all the detail of it, as to this sit-down strike and all that sort of thing? That doesn't interest the Tribunal.

DR. DIX: He did not remain Minister after that.

THE PRESIDENT: I thought he had remained a Minister until 1943.

DR. DIX: Minister without portfolio, yes.

THE PRESIDENT: I didn't say Minister with Portfolio, I said Minister.

DR. DIX: Yes. Of course, there is a difference, but I shall come to that later. I had understood you to mean as active minister, but I shan't go into it. It is a misunderstanding. Anyway, this is the end of that, anad I was merely trying to illustrate how difficult it was to resign.

H0120-0086

BY DR. DIX

Q We now come to the particular manner in which you were released. Have you anything to add to the statements made by Dr. Lammers or not?

A I think I ought to make one statement befor the Tribunal which I also received from fellow-defendant Speer during my imprisonment here. He was an ear witness at least, during the row between Hitler and myself, on the occasion of the decisive discussion when I did push through my resignation.

If the Tribunal will permit it, I will read it very briefly. There are two or three sentences. I quote. Speer has informed me of the following:

"I was on the terrace of the Berghof at the Obersalzberg, and I was waiting to submit my building plans. This was in the summer of 1937, and Schacht came to the Berghof. On the terrace" --

MR JUSTICE JACKSON (Interposing): Speer is present in the room. For one defendant to testify as to a conversation withanother defendant is a very convenient eay of getting testimony without access to cross examination, but it seems to me that it is a highly objectionable method.

I object to this upon the ground that it has no probative value to testify to a conversation of this character when the defendant Speer is in the courtroom, can be sworn, can give his testimony. He sits here and is available.

H0120-0087

THE PRESIDENT: What is the subject of the conversation?

DR. DIX: The subject of that conversation is a matter which refers to the defendant Schacht. It is a statement of Hitler's regarding Schacht; it is not a matter which applies to the defendant Speer. That is why I would consider it suitable, since it is a matter that applies to Schacht, that he should make a statement about it. I would, of course, consider it appropriate that he not read something which Speer has written to him, but that he give his own account of the event with reference to Hitler and Schacht, and that he should merely say "I have heard that from Speer." That appears to be better.

THE PRESIDENT: Very well, Dr. Dix, you may give that.

BY DR. DIX:

Q Will you please not read, then, but tell this story and say you got it from Speer?

MR. JUSTICE JACKSON: That is even more objectionable to me than to have a written statement from Speer. If we are to have Speer's testimony, it at least should be Speer's and not a repetition of a conversation between the two defendants. If Speer has made a written statement, it can be submitted to us in the ordinary course.

Th is is the second document that we have not had the privilege of seeing before it has been used here, and it seems to me that if this is a document signed by Speer -- which I don't think it is -- if it is, that is one thing. We can then see it and perhaps it can be used. If it is a conversation, I should prefer Speer's version.

DR. DIX: May I say something? The question of procedure does not appear to be a principal one. Certainly it can be dismissed when Speer is examined. However, I don't know whether Speer is going to be called; probably he will be. In practice it seems better if we hear it now, but of course that is up to the Tribunal to decide. It is not a question of importance.

THE PRESIDENT: The Tribunal will allow the evidence.

BY DR. DIX:

Q Well then, without reading, please tell the story.

A The gentlemen who met with Speer on the terrace heard this discussion, which was conducted in a very loud tone. At the end of the discussion Hitler came out on the terrace and he talked to the people there, amongst them Speer. He said that he had had a very serious argument with Schacht, he could

H0120-0088

not work with Schacht, and that Schacht was disturbing his financial plans.

That is all.

Q Well then, after you had left your position as Minister of Economy you remained as the Chief of the Bank of the Reich; you were Reichsbank President. Were you approached by Hitler or the Minister of Finance in your capacity as President of the Reichsbank and were you asked for credit?

A After the Reichsbank had discontinued giving credit, on the 21st of March, 1938, beginning with that date the demands for money made to the Minister of Finance became more urgent and towards the end of that year he found himself in the embarrassing situation where he couldn't even pay salaries to his civil servants. He came to me and he asked me to grant him a special credit. According to its charter and statute the Reichsbank was entitled, and to some extent had an obligation, to advance to the Reich up to four hundred million marks per annum. The Reich Minister of Finance had those four hundred million and he was asking, over and above that, to have further credit; the Reichsbank refused to give him that.

The Reich Minister of Finance had to go to private banking institutes and, at the time, all the large banks together gave him a credit of a few hundred million marks. However, the Reichsbank did not participate in these credits.

Q If you, as President of the Reichsbank, turned down those credits, then it seems that you might have been thinking of additional currency circulation. Did Hitler or anyone else ask you to get the presses going?

A After the events of 1938 I paid one more visit to London, in December, to have a conference regarding the financing of the Jewish emigration from Germany in an orderly manner, something which I had suggested. On that occasion I had a talk with Prime Minister Chamberlain.

On the 20th of January, 1939, I arrived at the Berghof, at Berchtesgaden, to inform Hitler about these matters. On that occasion we did, of course, also refer to the financial requirements and needs of the Reich. As before, I refused to give credit to the Reich, and I drew his attention to the very difficult financial situation which seemed to indicate the necessity of reducing state expenditure, and, with that, expenditure on armament, or at least it should have done so.

H0120 - 0089

In particular, I pointed out that at the beginning of December the first instalment of the so-called Jewish fine -- which had been collected, after the murder of von Rath in Paris, from the Jews, and whichhad been collected to the extent of 250 million marks at the beginning of December -- I pointed out that this first instalment had not been received entirely in cash, but that the Reich Minister of Finance had to consent to

H0120-0090

collect a considerable part of that fine in kind, as the British say, because it was impossible to make liquid the necessary cash for this payment.

Hitler replied to me: "Money can be issued in exchange for these goods. I have looked into the question of our future financial attitude in great detail and when I get back to Berlin in a few days I shall, together with you and the Minister of Finance, discuss my plans."

I recognized at once that it was Hitler's intention that the printing presses should now be utilized for his expenditure, be it with or without the nesessary backing. The danger of an inflation had now finally become imminent. And since I realized at once that this would be the very point where, as far as I and the Reichsbank were concerned, we had to say "stop", I replied to him: "All right, in that case I shall give instructions that the Reichsbank, as far as this joint discussion with the Minister of Finance is concerned, shall submit a memorandum to you which will define the attitude of the Reichsbank to this problem."

After that I went back to Berlin and I informed my colleagues in the Directorate of the Reichsbank. We saw, to our own personal satisfaction, that this was giving us an opportunity to take a step by which we could finally turn away from that type of policy.

The memorandum which the Directorate of the Reichsbank did submit to Hitler is dated January 7, and I think the prosecution have submitted it as an exhibit.

So as to characterize the statements or the actions taken by the Directorate of the Reichsbank at that decisive moment so far as further state expenditure and armament expenditure were concerned, and what we had to tell Hitler, I beg to have permission to quote again, only two very brief sentences from that memorandum. It says, and I quote:

"To a decisive extent, unhindered expenditures are threatening our currency. The unlimited growth of government expenditures destroys any attempt for an orderly budget. It brings the govern-

H0120-0091

ment finances to the verge of bankruptcy, despite a tremendous increase in taxes, and it undermines the currency and the banknotes."

Then there is another sentence, and I quote:

"Since, during the two foreign political actions in the East and in Sudetenland, there was an increase of public expenditures, the fact that after the termination of these two actions a reduction of expenditure is not noticeable but that everything seems to indicate that there will be a further increase of expenditure, there seems now to be an absolute duty that we should point out what the consequences on our currency system are likely to be.

"The undersigned Directors of the Reichsbank are aware and agree that while they have gladly cooperated to attain the great goal, it is now time to put a stop to it."

DR. DIX: This memorandum has been submitted by the prosecution under the number EC-369, but it is being submitted again as Exhibit 24 in my document book, and it is at page 70 of the English text and page 63 of the German text.

I shall have to put several questions to Dr. Schacht on that memorandum, but I think that perhaps there isn't time now and I shall have to do so tomorrow.

THE PRESIDENT: If you must, Dr. Dix, but do you think that is very important? At any rate, you had better do it tomorrow, if you are going to do it at all.

DR. DIX: Yes.

THE PRESIDENT: Dr. Siemers?

DR. SIEMERS: Yes, sir.

THE PRESIDENT: Dr. Siemers, can you inform us whether those extracts are the same as those extracts which were refused in the case of the defendant Ribbentrop?

DR. SIEMERS: I have made a list and I can hand that to the Tribunal inwriting. Some documents are the same, some do not tally, and some are lacking. I have done that in writing.

THE PRESIDENT: Thank you.

The Tribunal will adjourn.

(A recess was taken until Thursday, 2 May 1946, at 1000 hours.)